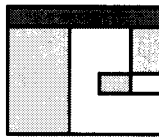


# **Exhibit 19**



PROPERTY VALUATION ADVISORS, INC.

**Mixed-use Development Site  
NWC of Rush & Superior Streets  
Chicago, IL 60611**

**PVA File No. 164122**

# APPRAISAL REPORT

## *Market Value Appraisal*

Mixed-use Development Site  
NWC of Rush & Superior Streets  
Chicago, IL 60611  
PVA File No. 164122

## *Effective Date of the Appraisal:*

May 18, 2016

## *Prepared for:*

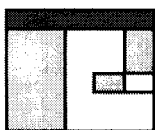
**Symmetry Property Development**  
Mr. Jason Ding  
One Pennsylvania Plaza, Floor 49  
New York, NY 10119

## *Prepared by:*

### **PROPERTY VALUATION ADVISORS, INC.**

850 West Jackson Boulevard  
Suite 200  
Chicago, Illinois 60607  
[www.propval.net](http://www.propval.net)

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PROPERTY VALUATION ADVISORS, INC.

June 28, 2016

**Symmetry Property Development**

Mr. Jason Ding

One Pennsylvania Plaza, Floor 49

New York, NY 10119

**RE: Market Value Appraisal**

Commercial Development Site

NWC of Rush & Superior Streets

Chicago, IL 60611

Dear Mr. Jason Ding:

At your request we have completed a market value appraisal of the "as if entitled" fee simple interest in the above captioned commercial development site. The subject property is a commercial development site that is currently improved with five masonry-framed commercial buildings that are clad with face brick, stone accents and EFIS. The buildings have thermopane windows and doors set in aluminum frames and a flat steel deck roofing system covered with a built-up system. The intended use of the subject site calls for a 64-story Tower (featuring a mixture of apartments, timeshares, a hotel, parking, retail, apartments, and condominiums). The 569 unit mixed-use development commonly referred to as The Carillon Tower will be constructed utilizing the air rights above the existing structures on the easternmost portion of the site. The subject's site measures approximately 28,500 square feet or 0.654 acres of land area plus the benefit of the adjacent air rights. The subject property's rectangular shaped site is located in the northwest quadrant of the intersection of Rush Street and Superior Street in Chicago's Near North neighborhood at the intersection of several of Chicago's premier neighborhoods (Streeterville, River North, and Gold Coast). The subject's site is located one block off of Michigan Avenue, which serves as a premier retail and commercial corridor in the City of Chicago. Land uses in the area are largely composed of high-density residential uses, high-density commercial buildings, high-density lodging properties, hospitals, university buildings, public parks, and museums. Regional access to the subject property is achieved via numerous public transportation options operated by the Chicago Transit Authority (CTA) and interchanges for Lake Shore Drive (US Highway 41) to the east and for I-90/I-94 (Kennedy Expressway) to the west.

The subject property is planned for a high-rise tower mixed-use property with initial plans calling for 868,005 square feet of gross building area (including parking and mechanical space that doesn't count in the FAR calculation) resulting in an FAR of 18.37. The City of Chicago recently amended the Municipal Code allowing for FAR bonuses across the "D" zoning districts. The subject property is currently zoned DX-12 with a FAR of 12.0 by right. The recently amended Code allows for additional maximum FAR of 6.4 above the base of 12.0 for a total FAR of 18.4 for the subject property. The maximum FAR square feet based on an 18.4 FAR is 690,000 square feet assuming procurement of the air rights from the adjacent property.

850 WEST JACKSON BOULEVARD, SUITE 200 • CHICAGO, ILLINOIS 60607 • 312.455.1220 • FAX 312.455.7922





-Page 2-

**Development Site  
NWC of Rush & Superior Streets  
Chicago, IL 60611**

The report contains a summary of the data gathered in our investigation and describes in detail the analysis that resulted in our conclusions. The report was prepared for use in valuing the subject for mortgage financing consideration and is a summary appraisal report. The intended user of this appraisal report is **Symmetry Property Development**.

Our appraisal report is prepared in accordance with Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) and conforms to the Uniform Standards of Professional Appraisal Practice (USPAP). This report should only be used by sophisticated users that have the opportunity to obtain a full understanding of the assumptions underlying the analysis.

We have performed our services and prepared this report in accordance with generally accepted appraisal practices, and make no other warranties, either expressed or implied, as to the character and nature of such services and product.

All factors considered, it is our opinion that the **"as if entitled"** market value of the fee simple interest in the property, **based on the assumptions and limiting conditions set forth in this report**, as of May 18, 2016 is:

**EIGHTY-SIX MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS  
\$86,250,000**

If you have any questions regarding our value estimate or analysis or require any additional information please contact the undersigned. We appreciate having the opportunity to be of service to you in this matter.

Respectfully submitted,  
**PROPERTY VALUATION ADVISORS, INC.**

Brian D. Flanagan, MAI, AI-GRS, President  
Certified General Real Estate Appraiser  
IL Certification Number 553-000103  
[brian.flanagan@propval.net](mailto:brian.flanagan@propval.net)  
Expires 9/30/2017

Hans F. Eugene, MAI, Director  
Certified General Real Estate Appraiser  
IL Certification Number 553-002288  
[hans.eugene@propval.net](mailto:hans.eugene@propval.net)  
Expires 9/30/2017

### Aerial Photographs of Subject Property



Aerial view of the subject property located at:  
NWC of Rush Street & Superior Street Chicago, Cook County, IL 60611

### Photographs of Subject Property



View of the subject's current improvements at the corner of Rush Street & Superior Street



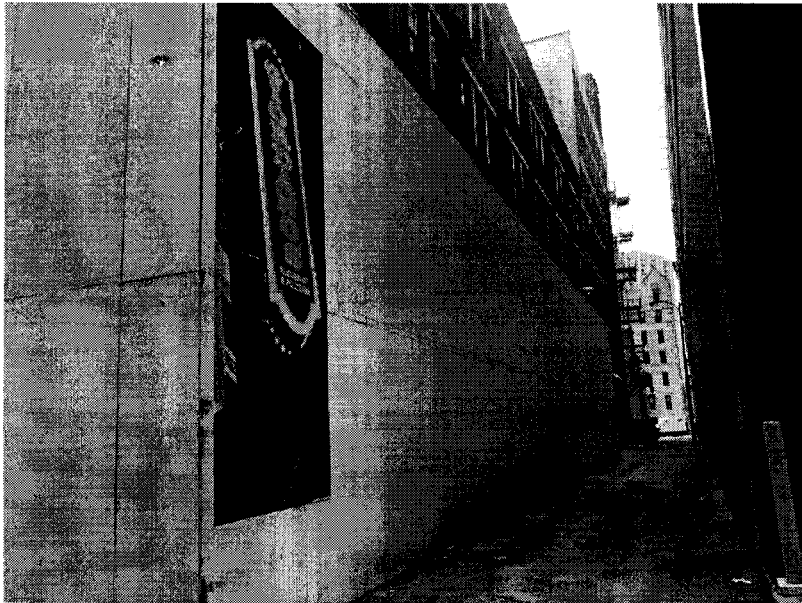
View of the subject's frontage on Superior Street



## Photographs of Subject Property

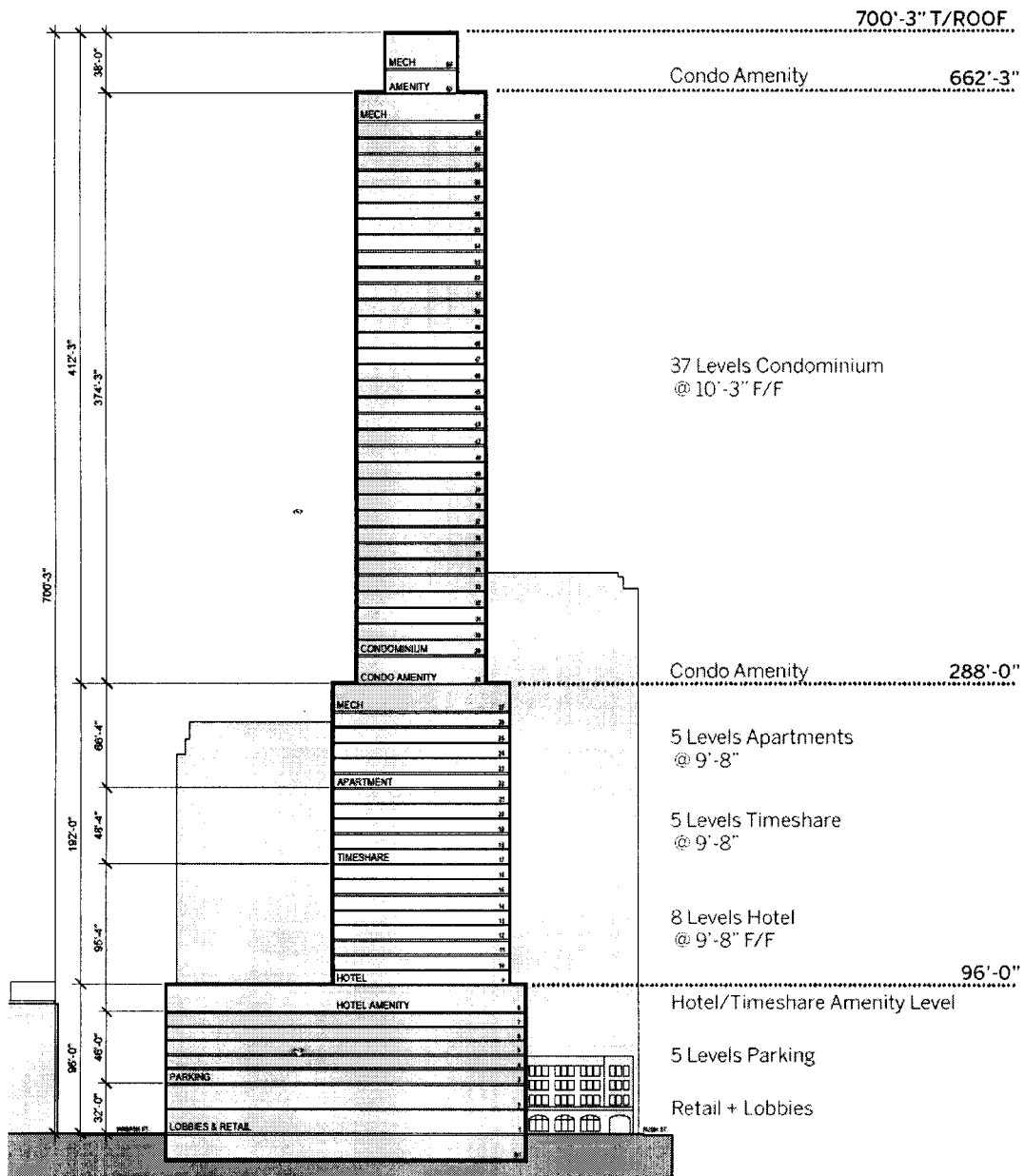


View of the subject's frontage on Superior Street

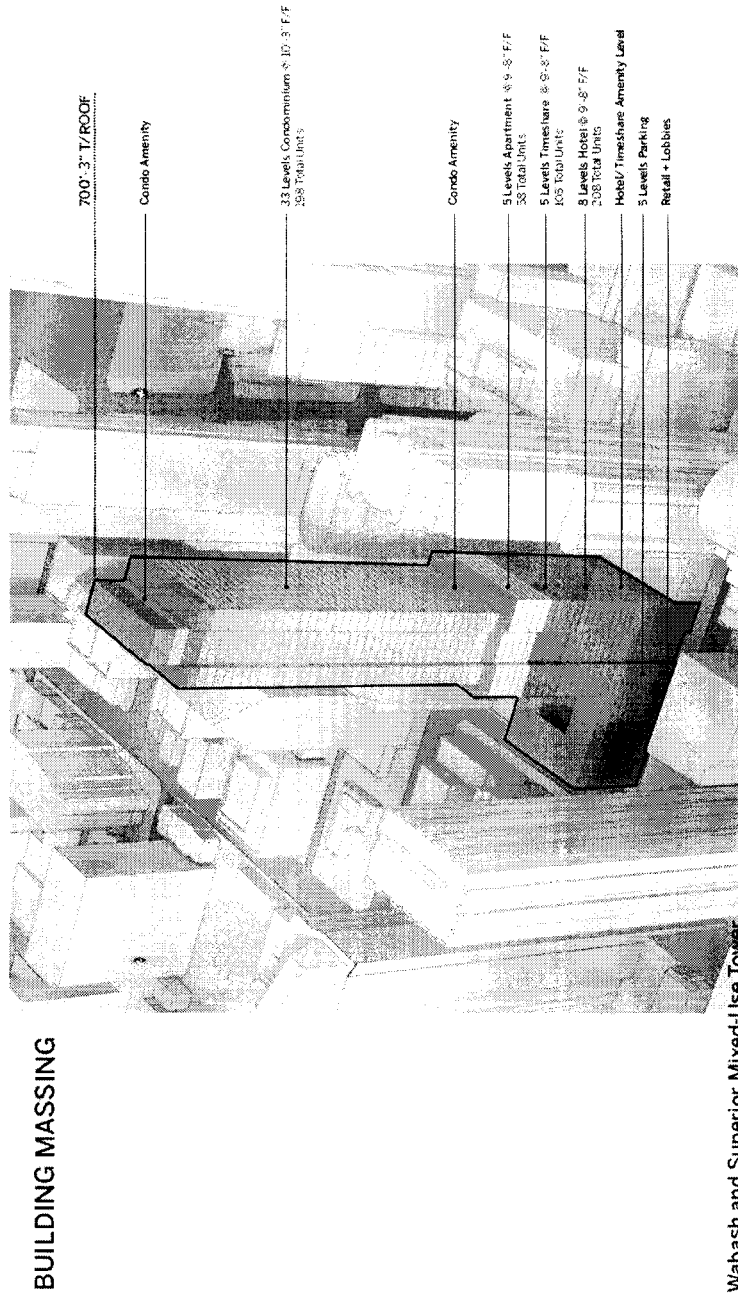


View of the subject's frontage on the public alley to the north of the current improvements

# Building Diagram



# Building Diagram



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### **ADDENDA**

Qualifications  
 Survey / Legal Description  
 Building Plans  
 Engagement Letter

## SUMMARY OF SALIENT FACTS

**Name and Address:**

Commercial Development Site  
NWC of Rush Street & Superior Street  
Chicago, IL 60611

**Location:**

The subject property's rectangular shaped site is located in the northwest quadrant of the intersection of Rush Street and Superior Street in Chicago's Near North neighborhood at the intersection of several of Chicago's premier neighborhoods (Streeterville, River North, and Gold Coast). The subject's site is located on block off of Michigan Avenue, which serves as a premier retail and commercial corridor in the City of Chicago. Land uses in the area are largely composed of high-density residential uses, high-density commercial buildings, high-density lodging properties, hospitals, university buildings, public parks, and museums. Regional access to the subject property is achieved via numerous public transportation options operated by the Chicago Transit Authority (CTA) and interchanges for Lake Shore Drive (US Highway 41) to the east and for I-90/I-94 (Kennedy Expressway) to the west.

**Property Description:**

The subject property is a commercial development site that is currently improved with five masonry-framed commercial buildings that are clad with face brick, stone accents and EFIS. The buildings have thermopane windows and doors set in aluminum frames and a flat steel deck roofing system covered with a built-up system. The intended use of the subject site calls for a 64-story Tower (featuring a mixture of apartments, timeshares, a hotel, parking, retail, apartments, and condominiums). The 569 unit mixed-use development commonly referred to as The Carillon Tower will be constructed utilizing the air rights above the existing structures on the easternmost portion of the site.

**Lodging Market Overview:**

As of December 2015, the Chicago metropolitan hotel market contains 111,486 rooms in 737 properties. The overall market is divided into eight submarkets by Smith Travel Research, the premier



hotel statistical tracking company.

The Chicago Downtown submarket is the leading hotel submarket and is a driving force behind the suburban hotel market. The downtown market is driven by the convention sector with strong support from the commercial and tourism sectors. The Chicago Downtown submarket, the largest submarket in the Chicago metropolitan area with 41,677 hotel rooms.

The Chicago lodging market is currently undergoing a period of expansion with rooms steadily being added to inventory all throughout the City of Chicago. 2015 experienced the addition of 2,435 rooms. 2016 is set to see the market surpass the historic highs with respect to average daily rate and occupancy levels resulting in more revenue per available room than ever before in the Chicago market.

**Highest and Best Use:**

It is our opinion that the highest and best use of the property is for mixed-use.

**Value Indications:**

**"As Is"**

**Cost Approach:**

Not Applicable

**Sales Comparison Approach:**

\$86,250,000 (Land + Air Rights)

**Income Capitalization Approach:**

Not Applicable

**Final Value Estimate:**

**\$86,250,000**

**Effective Date:**

**May 18, 2016**

**Inspection Date:**

**May 18, 2016**

**Marketability Considerations:**

Based on our analyses and current market conditions, a reasonable marketing period for the subject properties, as entitled, is twelve months or less. All factors considered we believe that this property could be sold at the appraised value within 12 months assuming the property will be actively exposed and aggressively marketed to potential purchasers through marketing channels commonly used by buyers and sellers of similar type property.

Per the 4<sup>th</sup> Quarter Korpacz survey, the average marketing time for development land properties on a national basis is 16 months. Exposure time is the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. The exposure time typically differs from the marketing period as it is assumed to precede the effective date of the appraisal. We project exposure time for the subjects of twelve months.

### PURPOSE, INTENDED USE, & INTENDED USER OF APPRAISAL

The **purpose** of this appraisal is to estimate the “as if entitled” fee simple interest in the subject property as of the date of inspection, May 18, 2016. The function of this appraisal is to estimate the value of the subject property for internal decision making purposes.

**Fee simple interest** is defined in the Dictionary of Real Estate Appraisal, 5<sup>th</sup> Edition, Chicago, Illinois, Appraisal Institute, 2010, as “absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”

The **intended use** of this appraisal is for internal decision making purposes.

The intended user is **Symmetry Property Development**. Use of this report by any unauthorized others is not intended by the appraiser.

### DEFINITION OF MARKET VALUE

Market Value is defined as "The most probable price, which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special

or creative financing or sales concessions granted by anyone associated with the sale."<sup>1</sup>

## SCOPE OF APPRAISAL

In preparing this report, we inspected the subject property and subject area, analyzed the relevant development land market, examined the projected income and expense data for the subject property and compared this with data with industry averages and other development land for which we have information. We collected and analyzed comparable operating information from the market. We then utilized the approaches to value to synthesize this information into an estimate of value.

The **appraisal problem** presented to the appraiser is to determine the value of the fee simple interest on an "as is" basis. In order to comply with the assignment directions, we completed an interior and exterior walk-through at the property, inspected the surrounding competitive buildings as well as the comparable building sales, and collected market information.

Market data compiled for this report includes a variety of data including comparable sales and listings. This data is the result of research specific to the market for the subject property. To the extent possible, buyers, sellers, brokers, managers, government officials or other sources regarded as knowledgeable and reliable, verified the data. Emphasis was placed on transactions for which direct verification was available. Information such as zoning, real estate taxes, assessments and encumbrances were obtained from governmental sources.

In the Income Capitalization Approach, market information on comparable properties was obtained from the property managers or reliable sources for each respective property.

Information specific to the subject property was provided by the client and ownership or ownership representatives. Additional information was obtained through a personal inspection of the property. Specific estimates concerning projected expenses, vacancy, cash flows, etc., are the judgments of the appraisers based on our interpretation of available data.

## COMPETENCY PROVISION

We are aware of the competency provision contained within the Uniform Standards of Professional Appraisal Practice (USPAP) and the author of this report meets these standards. Mr. Brian D. Flanagan, MAI inspected the subject property. Brian D. Flanagan and Hans F. Eugene researched and analyzed pertinent market information for the preparation of this appraisal report. Further, Mr. Flanagan has extensive appraisal experience with development land for the past twenty years and has completed appraisal reports for a large number of development land properties comparable to the subject within the Chicago Metropolitan Area and throughout the United States.

<sup>1</sup> 12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994

### EXTRAORDINARY ASSUMPTIONS

The Uniform Standard of Professional Appraisal Practice (USPAP) defines extraordinary assumptions as an assumption directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinion and conclusion. Extraordinary assumptions presume as fact uncertain information about physical, legal or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of the data used in an analysis.<sup>2</sup>.

1. We have assumed that the subject property is fully entitled for the property described within this report and consistent with plans provided by the property owner (659 units and 868,005 square feet of gross building area). We have assumed the subject development acquires the air rights necessary to construct the tower described in the report and attains the additional 6.4 FAR bonus above the base 12.0 FAR.
2. There are no other extraordinary assumptions associated with this appraisal report; we include standard assumptions and limiting conditions in the certification section that govern the report.

### HYPOTHETICAL CONDITIONS

Per the Uniform Standards of Professional Appraisal Practice (USPAP), hypothetical conditions assume conditions contrary to known facts about physical, legal or economic characteristics of the subject property or about conditions external to the property, such as market conditions or trends, or integrity of data used in an analysis.

1. We have not applied any hypothetical conditions in our appraisal of the subject property.

### HISTORY OF THE PROPERTY

In accordance with the Standards of Professional Practice of the Appraisal Institute, we are required to indicate the subject's ownership history for the preceding three-year period. Per review of public records (Doc #: 1428019112; 1506210105; 1611329000), the current owner is Symmetry Tower/Chicago Project Owner LLC. The current ownership entity acquired the subject property in phases beginning in October of 2014 in order to assemble parcels on the block for the purposes of developing a mixed-use development. Golub Company acquired a portion of the site at approximately the same timeframe and the air rights are currently being acquired. The total purchase price is estimated to be approximately \$45 million.

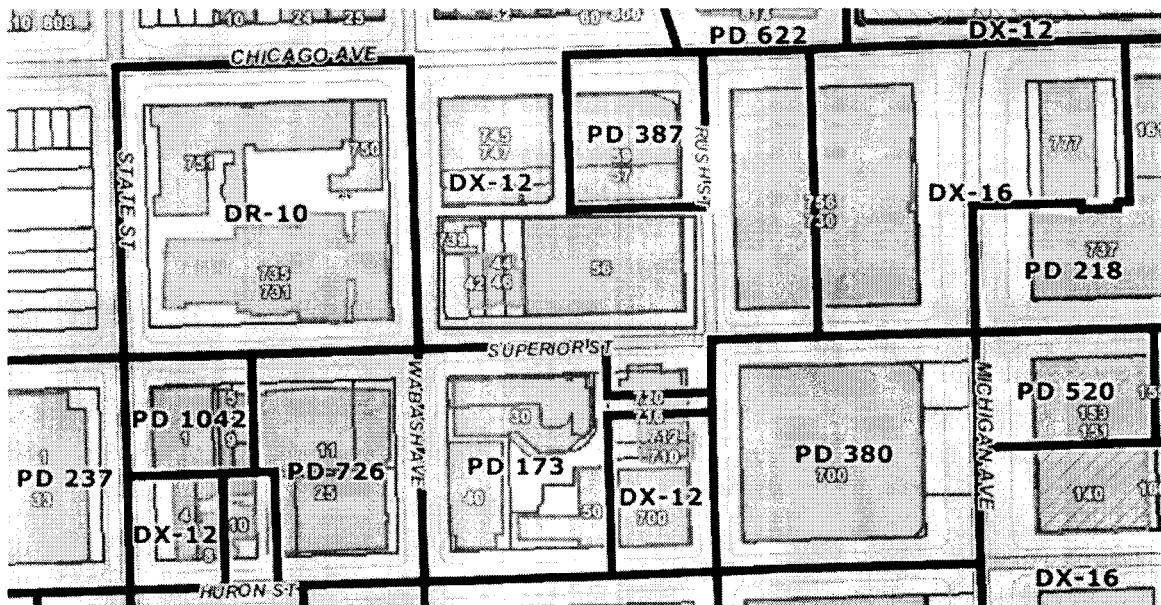
### ZONING AND OTHER RESTRICTIONS

The subject is currently located within the DX-12, Downtown Mixed Use Zoning District, as

<sup>2</sup> The Dictionary of Real Estate Appraisal, 4<sup>th</sup> Edition, by the Appraisal Institute, 2002

designated by the City of Chicago Planning and Zoning Department. The DX, Downtown Mixed-Use district is primarily intended to accommodate office, commercial, public, institutional and residential development. The district promotes vertical mixed-use (residential/nonresidential) projects that contain active ground-floor uses. The DX district can be combined with the dash 3, dash 5, dash 7, dash 10, dash 12 or dash 16 bulk and density designations.

### ZONING MAP



#### Development Standards

Floor Area Ratio (FAR): 12.0

Minimum Lot Area Per Unit (SF): Dwelling Unit (115), Efficiency Unit (75), SRO Units (60)

Front Setback: No front setback requirement is required

Rear Setback: No Rear setback requirement in DX-16 except for floors containing dwelling units.

Maximum Building Height: None

Maximum Number of Efficiency Units: 50%

The subject property is planned for a high-rise tower mixed-use property with initial plans calling for 868,005 square feet of gross building area resulting in an FAR of 18.37. The City of Chicago recently amended the Municipal Code allowing for FAR bonuses across the "D" zoning districts. The subject property is currently zoned DX-12 with a FAR of 12.0 by right. The recently amended Code allows for additional maximum FAR of 6.4 above the base of 12.0 for a total FAR of 18.4 for the subject property. The maximum FAR square feet based on an 18.4 FAR is 690,000 square feet assuming procurement of the air rights from the adjacent property.

## REAL ESTATE TAX AND ASSESSMENT DATA

### Overview

The property tax is the largest single tax in Illinois, and is the major source of tax revenue for local government taxing districts. The property tax is a local tax, imposed by local government taxing districts, which include counties, townships, municipalities, school districts, special districts, etc. Property tax is administered by local officials. In Illinois, the property tax is imposed on the value of real property (typically land, buildings, and permanent fixtures) owned. Illinois does not have a state property tax. The process of imposing the property tax has three distinct parts. First, a value must be placed on the property. That value is called an assessment. Next, the taxing district files a levy with the county clerk on the property situated within its boundaries. Finally, the county clerk calculates the tax rate that is required to produce the amount of the levy based on the assessed value of each property in the district so taxes can be billed.

### Assessment

The Cook County Assessor determines the value of all taxable real estate within Cook County. The assessment is based on a percentage of the property's "fair cash" or "fair market" value, which represents an estimate of fee simple market value by the Assessor's office. Once the full value of property is established, the Assessor applies percentage levels of assessment as prescribed by Cook County's Classification Ordinance. The subject property is a Class 5-92 (Two or three story building containing part or all retail and/or commercial space), which is assessed at 25% of market value.

### Equalization

Once assessments have been finalized, property valuations become subject to an equalization study by the Illinois Department of Revenue. The purpose of the study is to establish a common level of assessment among the 102 Illinois counties. Equalization factors are established on a county-basis based on an annual sales-ratio study that compares the assessed value of a given property to its sale price, in the respective year of sale. Cook County equalization factors for the past six years are summarized below.

Tax Year	Equalization Factor
2012	2.8056
2013	2.6621
2014	2.7523
2015	2.6685

### Tax Extension

Once the equalization process is completed, the County Clerk calculates the tax rate for each levy. The rates are expressed in terms of dollars of taxes per \$100 of equalized assessed valuation. The individual tax bills are determined by multiplying the current year's equalized assessed value of a given property by the aggregate of the tax rates of all taxing bodies within



which the property lies. The extensions are the actual dollar amounts billed to the taxpayers, and in aggregate, represent the income streams to the various governmental bodies.

### Collection

Once the levy has been extended, the County Treasurer prepares and mails the tax bill to the property owners. Tax bills are mailed in two installments. A law passed by the Illinois Legislature in 2009 raises the First Installment tax from 50% to 55% of the prior year's total tax (or 55% of the adjusted tax if an assessment certificate of error is certified by the previous Nov. 30). The Second Installment due date varies. This is because the Second Installment bill relies on the delivery of various sets of data by other state and county agencies. Unlike the First Installment bill, the Second Installment bill reflects the new assessed values, assessment appeals, exemptions, the state equalization factor, and taxing-district tax rates. All of these data are prepared by other state and county agencies.

### Historic Subject Property Taxes

The subject is situated on five tax parcels for assessment purposes. The Property Identification Numbers (PINs) 17-10-101-008; 009; 010; 011; and 012. The most recent tax values do not reflect the tax level of the proposed improvements for the subject site.

<b><u>Real Estate Tax and Assessment Summary</u></b>			
<b><u>NWC of Rush &amp; Superior</u></b>			
<b><u>Chicago, IL 60611</u></b>			
<b>Parcel #: 17-10-101-008</b>	<b><u>2015</u></b>	<b><u>2014</u></b>	
	<b><u>Payable 2016</u></b>	<b><u>Payable 2015</u></b>	
Land Value:	\$25,196	\$0	
Improvement Value:	\$194,575	\$0	
Total Assessed Value:	\$219,771	\$0	
Equalized Value:	\$586,459	\$0	
<b>Taxes:</b>	<b>\$0.00*</b>	<b>\$0.00</b>	
<b>Parcel #: 17-10-101-009</b>	<b><u>2015</u></b>	<b><u>2014</u></b>	
	<b><u>Payable 2016</u></b>	<b><u>Payable 2015</u></b>	
Land Value:	\$27,600	\$0	
Improvement Value:	\$1,200	\$0	
Total Assessed Value:	\$28,800	\$0	
Equalized Value:	\$76,853	\$0	
<b>Taxes:</b>	<b>\$0.00*</b>	<b>\$0.00</b>	

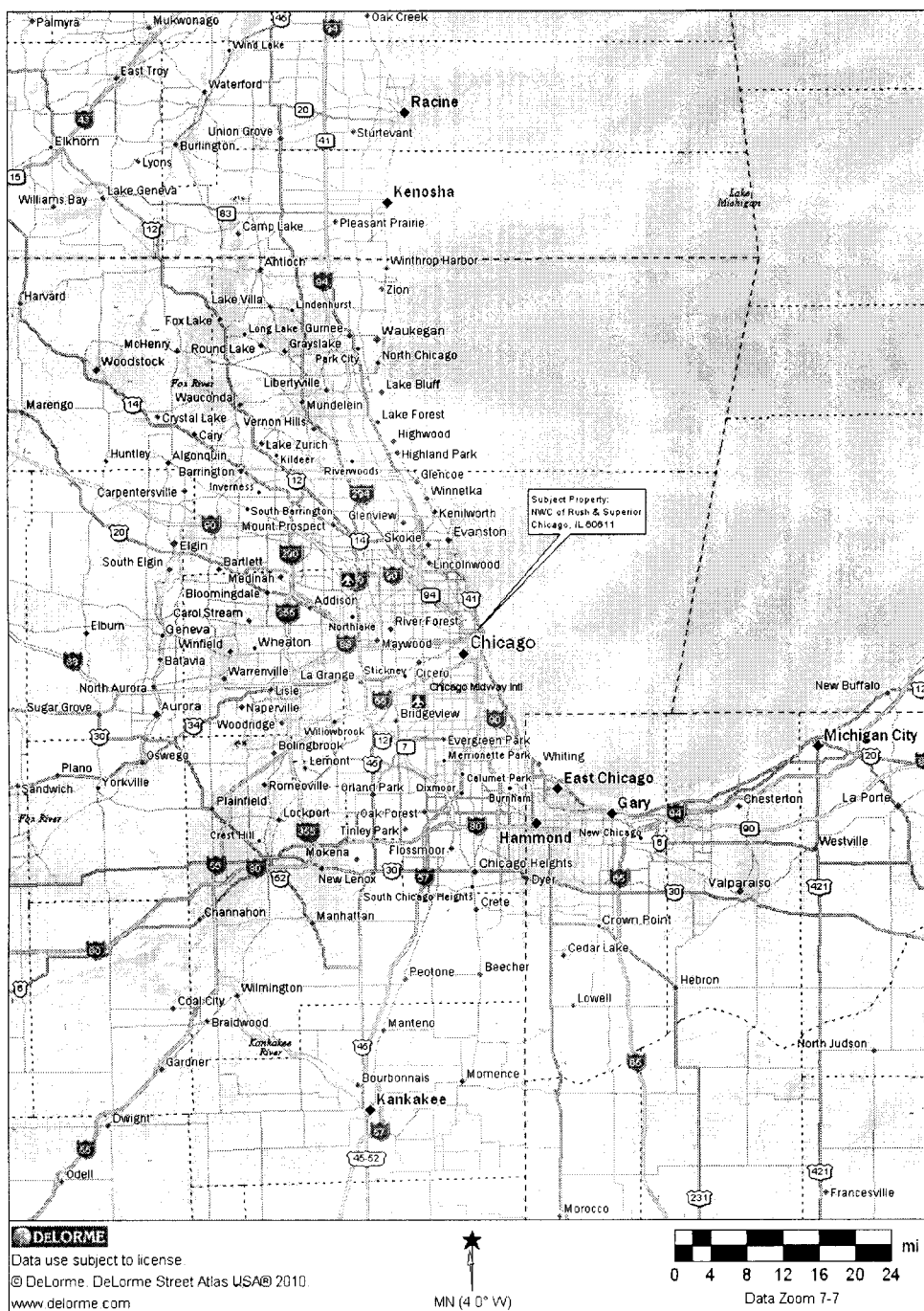
<b><u>Real Estate Tax and Assessment Summary</u></b>			
<b><u>NWC of Rush &amp; Superior</u></b>			
<b><u>Chicago, IL 60611</u></b>			
<b>Parcel #: 17-10-101-010</b>	<b><u>2015</u></b>	<b><u>2014</u></b>	
	<b><u>Payable 2016</u></b>	<b><u>Payable 2015</u></b>	
Land Value:	\$18,400	\$80,000	
Improvement Value:	\$80,751	\$139,067	
Total Assessed Value:	\$99,151	\$219,067	
Equalized Value:	\$264,584	\$602,938	
<b>Taxes:</b>	<b>\$22,354.93*</b>	<b>\$40,645.33</b>	
<b>Parcel #: 17-10-101-011</b>	<b><u>2015</u></b>	<b><u>2014</u></b>	
	<b><u>Payable 2016</u></b>	<b><u>Payable 2015</u></b>	
Land Value:	\$175,781	\$156,250	
Improvement Value:	\$44,948	\$24,076	
Total Assessed-Value:	\$220,729	\$180,326	
Equalized Value:	\$589,015	\$496,311	
<b>Taxes:</b>	<b>\$18,401.55*</b>	<b>\$33,457.37</b>	
<b>Parcel #: 17-10-101-012</b>	<b><u>2015</u></b>	<b><u>2014</u></b>	
	<b><u>Payable 2016</u></b>	<b><u>Payable 2015</u></b>	
Land Value:	\$175,781	\$156,250	
Improvement Value:	\$44,948	\$24,076	
Total Assessed Value:	\$220,729	\$180,326	
Equalized Value:	\$589,015	\$496,311	
<b>Taxes:</b>	<b>\$18,401.55*</b>	<b>\$33,457.37</b>	
<b>Total Value:</b>	<b><u>2015</u></b>	<b><u>2014</u></b>	
	<b><u>Payable 2016</u></b>	<b><u>Payable 2015</u></b>	
Land Value:	\$422,758	\$392,500	
Improvement Value:	\$366,422	\$187,219	
Total Assessed Value:	\$789,180	\$579,719	
Equalized Value:	\$2,105,927	\$1,595,561	
<b>Taxes:</b>	<b>\$59,158.03*</b>	<b>\$107,560.07</b>	

*\*1<sup>st</sup> Installment Only*

The subject was levied \$107,560.07 in real estate taxes during 2015. It should be noted that the plans calls for the utilization of air rights above a portion of Parcel #: 17-10-101-013. It is reported that this parcel will be split in order accommodate the intended use of the subject site.



# Area Map



## AREA DESCRIPTION

### Sector Overview

The subject property is located in Near North neighborhood of Chicago within the Chicago MSA one of the nation's most vital metropolitan areas. It is centrally located and has a well-diversified and healthy economic base. The Chicago Metropolitan Statistical Area (MSA) is the third largest in the United States, behind New York and Los Angeles. According to U.S. Census Bureau, the current estimate for the Chicago MSA is 9,554,598.

The MSA reflects data from the national census and now includes fourteen counties in Illinois, Indiana, and Wisconsin, grouped into three divisions: the Chicago-Naperville-Joliet Metropolitan Division is comprised of eight Illinois counties; the Gary, Indiana Metropolitan Division is comprised of four Indiana counties; and the Lake County-Kenosha County, IL-WI Metropolitan Division constitutes the third division. Prior to 2003, Kankakee was considered part of the Chicago MSA; now it is considered a separate MSA. The MSA occupies an area of 9,581 square miles along the southern shore of Lake Michigan, across Northeastern Illinois, Northwestern Indiana, and Southeastern Wisconsin. The Chicago CSA is comprised of the Chicago MSA with the addition of Kankakee County and LaPorte, IN County and has a current population of 9,777,417.

Chicago is centrally located in the United States making it a convenient destination for business, meeting and leisure travelers alike. Chicago boasts the world's third busiest airport and lies at one of the busiest interstate highway intersections in the nation. Chicago's convention industry thrives due to the expansive transportation and accommodation infrastructure it possesses in conjunction with Chicago's numerous cultural and sightseeing offerings. It is common for exhibitors, and organizations to capture healthy increases in attendee and exhibitor participation when they meet in Chicago due to accessibility of the city and the expansive entertainment and cultural venues the city offers.

### History

In 1829, only 30 people lived in Chicago; two years later, the population had doubled. The next year, Cook County was incorporated, Chicago was declared its county seat, and on August 12, 1833, the Town of Chicago was organized with a population of 350. Chicago incorporated as a city on March 4, 1837 when the State of Illinois granted Chicago a city charter.

### Demographic Information

As of 2015, the current available estimate for the Chicago MSA is 9,554,598. The Chicago metropolitan region has been growing steadily. Between 1990 and 2000, the MSA population increased by over 11%, and between 2000 and 2010 experienced an increase of 3.99%. From 2010 to 2014 there was a net increase of 93,493 residents in the Chicago MSA. According to the US Census Bureau, the population of the City of Chicago is currently reported as 2,718,782

which is an increase from the 2010 Census at 2,695,598.

<b>Chicago Metropolitan Statistical Area &amp; Combined Statistical Area as of 2015 Population Characteristics (1980-2014)</b>								
<b>Census Area</b>	<b>1980</b>	<b>1990</b>	<b>2000</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
City of Chicago	3,005,072	2,783,911	2,893,666	2,695,598	2,704,340	2,712,290	2,718,782	
<b>Chicago-Naperville-Elgin, IL-IN-WI Metropolitan Statistical Area (MSA)</b>								
Cook County, IL	5,253,655	5,105,067	5,376,741	5,194,675	5,212,589	5,227,992	5,246,635	5,246,456
DeKalb County, IL	74,624	77,932	88,969	105,160	105,111	104,478	104,802	105,462
DuPage County, IL	658,835	781,666	904,161	916,924	923,781	927,418	931,522	932,708
Grundey County, IL	30,582	32,337	37,535	50,063	50,967	50,208	50,149	50,425
Kane County, IL	278,405	317,471	404,119	515,269	519,735	521,306	524,277	527,306
Kendall County, IL	37,202	39,413	54,544	114,736	116,678	118,108	119,525	121,350
McHenry County, IL	147,897	183,241	260,077	308,760	307,913	307,729	307,367	307,283
Will County, IL	324,460	357,313	502,266	677,560	678,859	681,590	683,708	685,419
Jasper County, IN	26,138	24,960	30,043	33,478	33,383	33,442	33,381	33,475
Lake County, IN	522,965	475,594	484,564	496,005	494,833	493,118	491,403	490,228
Newton County, IM	14,844	13,551	14,566	14,244	14,132	14,065	14,079	14,156
Porter County, IN	119,816	128,932	146,798	164,343	165,520	165,681	166,427	167,076
Lake County, IL	440,372	516,418	644,356	703,462	701,052	701,219	704,000	705,186
Kenosha County, WI	123,137	128,181	149,577	166,426	166,930	167,561	167,521	168,068
<b>MSA Total</b>	<b>7,869,542</b>	<b>8,065,633</b>	<b>9,098,316</b>	<b>9,461,105</b>	<b>9,491,483</b>	<b>9,513,915</b>	<b>9,544,796</b>	<b>9,554,598</b>
<b>Chicago-Naperville, IL-IN-WI (CSA)</b>								
Kankakee County, IL	102,926	96,255	103,833	113,449	113,418	112,847	112,193	111,375
LaPorte County, IN	108,632	107,066	110,106	111,467	111,205	111,197	111,256	111,444
<b>All Counties Total</b>	<b>8,264,490</b>	<b>8,385,397</b>	<b>9,312,255</b>	<b>9,686,021</b>	<b>9,716,106</b>	<b>9,737,959</b>	<b>9,768,245</b>	<b>9,777,417</b>
<i>Source: United States Census</i>								
<i>The counties in grey were not included in the Chicago MSA calculation</i>								
<i>All of the counties were included in the CSA calculation</i>								

## Income Trends

The Chicago metro area is an affluent region. The City of Chicago, with its affluent northern urban areas and major employers, reports nearly half the income attributable to Cook County and just shy of ¼ of the income of the entire CBSA is generated by this area. Growth in the Metro Area is expected to be above the state and at levels similar to the national growth.

Historically, the Chicago Metro Area's aggregate income and average household income have grown in line with the State of Illinois and the United States. However, the communications industry, aircraft and airline industries and several of the major rust belt industries, strongly impacted growth in median household income. The significantly higher levels show the influence of the affluent components of the market where income levels at the top of the market pull the averages to levels well above the state and the nation. This reflects the upper end strength in the market and the number of corporate executive level positions within the market area. This is expected to sustain economic activity and economic growth throughout the market area.

## Economy

The Chicago metropolitan area is home to the corporate headquarters of 57 Fortune 1000 companies, which includes Boeing, McDonald's, Motorola, Discover Financial Services, United Continental Holdings, Walgreens, and Aon among others, representing a diverse group of industries. The area is a major global financial center, and Chicago is home to the largest futures exchange in the world, the CME Group (Chicago Mercantile Exchange).

Major industrial corporations with headquarters in the Chicago area include Boeing, IC Industries, Borg-Warner, Navistar International, Motorola, FMC, Inland Steel, and USG Corporation. The Chicago metropolitan area is also headquarters for diversified food companies such as Kraft, Sara Lee, McDonald's, Quaker Oats and Swift. Home to one of the once largest retailers, Sears Roebuck and Company, Chicago has also spawned development of such major retailing companies as Macy's, Walgreen's, and Ace Hardware.

A detail of the Chicago's largest public companies is included below.

Chicago Area's Largest Public Companies- Top Lists 2015						
No.	Company	Headquarters Location	Market Cap*	Revenue	Full Time Employees	Primary Industries
1	Archer Daniels Midland Co.	Decatur, IL	\$28,600.6M	\$89,804.0M	31,100	Agricultural prod.
2	Boeing Co.	Chicago, IL	\$102,009.8M	\$86,623.0M	168,400	Aerospace
3	Walgreen Co.	Deerfield, IL	\$54,816.8M	\$72,217.0M	248,000	Drugstores
4	Caterpillar Inc.	Peoria, IL	\$57,920.6M	\$55,656.0M	118,501	Construction
5	United Continental Holdings Inc.	Chicago, IL	\$13,705.2M	\$38,279.0M	87,000	Airline
6	Deere & Co.	Moline, IL	\$33,764.9M	\$37,795.4M	67,044	Construction/Farm
7	Sears Holdings Corp.	Hoffman Estates	\$5,198.2M	\$36,188.0M	249,000	Department Stores
8	Mondelez Intl.	Deerfield, IL	\$60,200.5M	\$35,299.0M	107,000	Food
9	Allstate Corp.	Northbrook, IL	\$24,488.5M	\$34,507.0M	39,400	Insurance
10	McDonald's Corp.	Oak Brook, IL	\$96,098.5M	\$28,105.7M	440,000	Fast Food
11	Exelon Corp.	Chicago, IL	\$23,481.2M	\$24,888.0M	25,829	Electricity
12	Abbott Laboratories	North Chicago,	\$59,338.6M	\$21,848.0M	69,000	Pharmaceuticals
13	Abbvie Inc.	North Chicago,	\$83,828.5M	\$18,790.0M	25,000	Pharmaceuticals
14	Kraft Foods Group Inc.	Northfield, IL	\$32,143.0M	\$18,218.0M	22,500	Food
15	Baxter International Inc.	Deerfield, IL	\$37,768.3M	\$15,259.0M	61,000	Medical
16	Catamaran Corp.	Schaumburg, IL	\$9,791.6M	\$14,780.1M	4,000	Pharmacy-benefits
17	IL Tool Works, Inc.	Glenview, IL	\$36,174.2M	\$14,135.0M	51,000	Industrial mach.
18	Navistar International	Lisle, IL	\$3,101.0M	\$10,775.0M	14,800	Buses, trucks
19	CDW Corp.	Vernon Hills, IL	\$4,017.9M	\$10,768.6M	6,967	Computer access.
20	RR Donnelley & Sons	Chicago, IL	3,686.9M	\$10,480.3M	57,000	Comm. Printing

Source: Crain's Chicago Business Top Lists 2015 \*Market Capitalization as of 12/31/2013. Ranked by 2013 Net Revenue

A detail of the Chicago's largest private companies is included below.

Chicago Area's Largest Private Companies- Top Lists 2015						
No.	Company	Headquarters Location in IL	Net Revenue	Chicago Employees	Worldwide Employees	Type of Business
1	State Farm Mutual.	Bloomington	\$68,300.0M	15,000	65,000	Insurance, banking
2	Health Care Service Corp.	Chicago	\$55,000.0M	6,200	20,975	Health insurer
3	Reyes Holdings LLC	Rosemont	\$23,000.0M	800	16,000	Food and beverage
4	U.S. Foods	Rosemont	\$22,297.0M	1,800	25,000	Food distributor
5	Topco Associates LLC	Elk Grove Village	\$12,300.0M	403	523	Food service
6	Havi Group L.P.	Downers Grove	\$8,800.0M	NA	9,000	Supply-chain
7	OSI Group LLC	Aurora	\$6,125.0M	1,519	19,600	Processes food
8	Medline Industries Inc.	Mundelein	\$5,800.0M	2,566	10,305	Medical supplies
9	Eby-Brown Co., LLC	Naperville	\$5,300.0M	600	2,150	Distributor
10	Ace Hardware Corp.	Oak Brook	\$4,200.0M	813	3,993	Hardware
11	Walsh Group LTD.	Chicago	\$4,034.2 M	1,500	6,000	Contractor
12	Ryerson INC.	Chicago	\$3,460.3M	210	3,650	Metal processor
13	Amsted Industries Inc.	Chicago	\$3,263.4M	370	16,000	Building materials
14	Koch	Park Ridge	\$2,900.0M	1,200	14,000	Poultry service
14	Tribune Co.	Chicago	\$2,900.0 M	1,600	12,000	Media
Source: Crain's Chicago Business Top Lists 2015 *Market Capitalization as of 12/31/2013. Ranked by 2013 Net Revenue						

Chicago is home to some of the largest privately held companies in America. This is evidenced by the fact that Reyes Holdings LLC is the 12th largest privately held company in the United States and there are four more companies in the top private 100 according to Forbes.

Chicago Area's Largest Thrifts		
No.	Company	Total Assets (Millions)
1	Bank Financial Federal Savings Bank	\$1.45 (billion)
2	Liberty Bank for Savings	\$828.1
3	First Savings Bank of Hegewisch	\$569.2
4	Lisle Savings Bank	\$534.6
5	Community Savings Bank	\$417.3
6	Hoyne Savings Bank	\$286.0
7	North Shore Trust & Savings	\$257.5
8	Prospect Federal Savings Bank	\$256.9
9	McHenry Savings Bank	\$254.9
10	A.J. Smith Federal Savings Bank	\$216.0
Source: Crain's Chicago Business Top Lists 2015		

It should be noted that the total assets detailed above are the assets held as of March 31, 2014. A detail of Chicago's largest banks is included below.

Chicago Area's Largest Banks- Ranked by Assets (Ranked by assets of March 31, 2014)						
No.	Company	Assets (Millions)	Commercial Loans	Real Estate Loans	Consumer Loans	Other Loans
1	Northern Trust	\$103,499.0M	18.4%	9.0%	1.0%	71.6%
2	BMO Harris	\$94,223.4M	25.4%	11.6%	14.3%	48.7%
3	Private Bank & Trust Co.	\$14,277.1M	48.7%	32.6%	1.3%	17.3%
4	MB Financial Bank N.A	\$9,418.6M	38.9%	21.9%	5.7%	33.5%
5	First Midwest Bank	\$8,196.0M	27.8%	37.1%	0.8%	34.3%
6	Cole Taylor Bank	\$5,630.0M	46.0%	24.0%	0.1%	29.9%
7	First American Bank	\$3,406.6M	26.5%	17.6%	1.1%	54.8%
8	American Chartered Bank	\$2,497.3M	31.2%	41.3%	0.1%	27.5%
9	North Shore Community Bank	\$2,443.6M	43.3%	22.8%	7.2%	26.6%
10	North Community Bank	\$2,421.1M	3.2%	48.9%	0.4%	47.5%

*Source: Crain's Chicago Business Top Lists 2015*

The list above includes the banks listing Illinois Headquarters in assets filings with Federal Deposit Insurance Corporation (FDIC). The commercial loan category includes domestic secured and unsecured loans for commercial and industrial purposes. The real estate loan category includes domestic non-farm and non-residential loans. Consumer loans are unsecured domestic loans to individuals. Further, the current economic climate has resulted in write downs of assets at a large number of the banks possibly including the ones above. The information above was the most recent available and the value of the assets may have changed since these numbers above were reported.

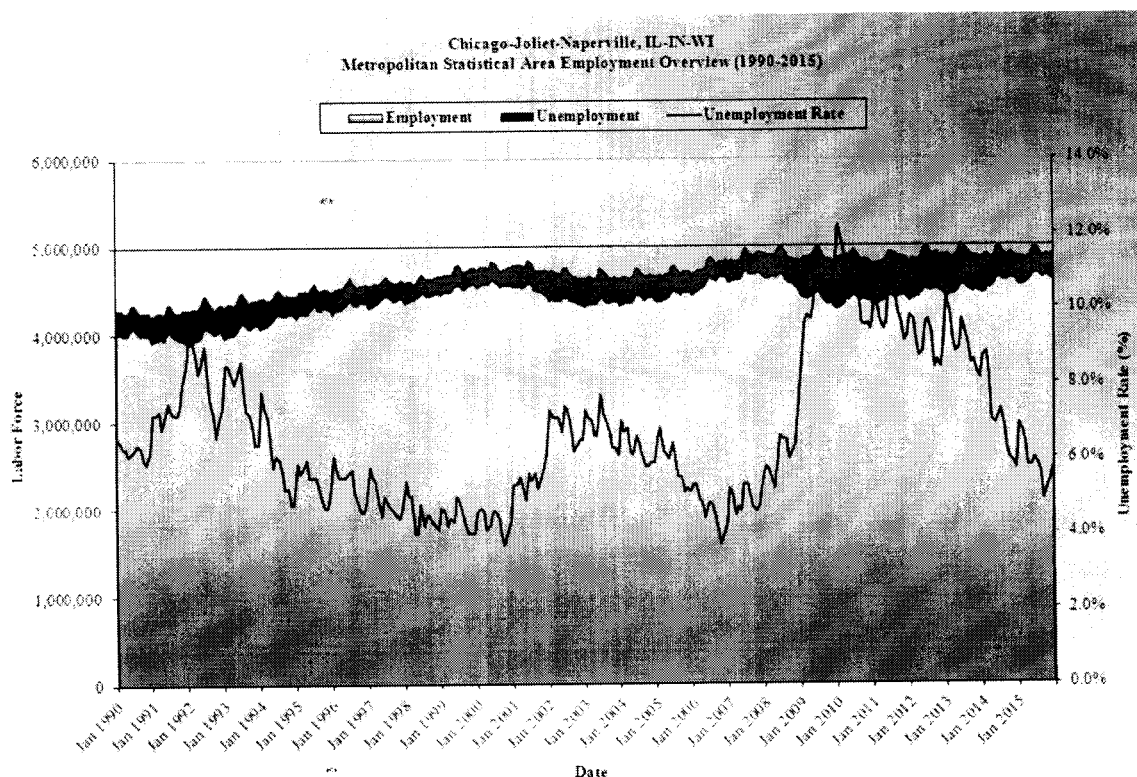
## Employment

Chicago is a substantial metropolitan market and the broad diversification of the Chicago economy and its lack of dependence on a single volatile industry (high technology for example). In being so broad based, the economy of Chicago resembles that of the nation and endures the same general strengths and weaknesses.



Area: Chicago-Joliet-Naperville, IL Metropolitan Division			
Period: May 2014			
Occupation (SOC code)	Employment	(1) Hourly Median Wage	(2) Annual Median Wage
All Occupations(000000)	3,751,930	\$18.25	\$37,950
Management Occupations(110000)	248,700	\$47.47	\$98,730
Business and Financial Operations Occupations(130000)	212,900	\$32.04	\$66,640
Computer and Mathematical Occupations(150000)	125,170	\$37.76	\$78,540
Architecture and Engineering Occupations(170000)	51,650	\$35.47	\$73,780
Life Physical and Social Science Occupations(190000)	19,250	\$30.03	\$62,460
Community and Social Service Occupations(210000)	47,290	\$20.63	\$42,900
Legal Occupations(230000)	37,070	\$35.37	\$73,560
Education Training and Library Occupations(250000)	252,540	\$24.37	\$50,700
Arts Design Entertainment Sports and Media Occupations(270000)	49,210	\$23.23	\$48,320
Healthcare Practitioners and Technical Occupations(290000)	202,230	\$31.91	\$66,380
Healthcare Support Occupations(310000)	106,190	\$12.49	\$25,990
Protective Service Occupations(330000)	101,650	\$18.56	\$38,610
Food Preparation and Serving Related Occupations(350000)	294,790	\$9.26	\$19,260
Building and Grounds Cleaning and Maintenance Occupations(370000)	117,930	\$12.29	\$25,560
Personal Care and Service Occupations(390000)	109,700	\$10.69	\$22,230
Sales and Related Occupations(410000)	399,420	\$13.36	\$27,800
Office and Administrative Support Occupations(430000)	581,230	\$16.57	\$34,470
Farming Fishing and Forestry Occupations(450000)	3,240	\$12.79	\$26,610
Construction and Extraction Occupations(470000)	104,350	\$34.48	\$71,710
Installation Maintenance and Repair Occupations(490000)	112,150	\$22.92	\$47,680
Production Occupations(510000)	262,080	\$14.75	\$30,680
Transportation and Material Moving Occupations(530000)	313,160	\$14.01	\$29,140
Footnotes:			
(1) Estimates for detailed occupations do not sum to the totals because the totals include occupations not shown separately. Estimates do not include self-employed workers.			
(2) Annual wages have been calculated by multiplying the hourly mean wage by 2080 hours; where an hourly mean wage is not published the annual wage has been directly calculated from the reported survey data.			
Data extracted on July 2015			

As of December 2015, the Chicago Metropolitan Area has a preliminary employment level estimate of 4,890,864 persons. The Chicago MSA, like the United States on the whole, has seen sizeable decreases in unemployment. The unemployment rate in the City of Chicago as of May 2015 was at 6.1% which is above the Chicago-Naperville-Joliet Metropolitan Statistical Area at 5.7%. Below are tables showing the unemployment information since August 2014 for the Chicago-Naperville-Joliet Metropolitan Area followed by the City of Chicago.

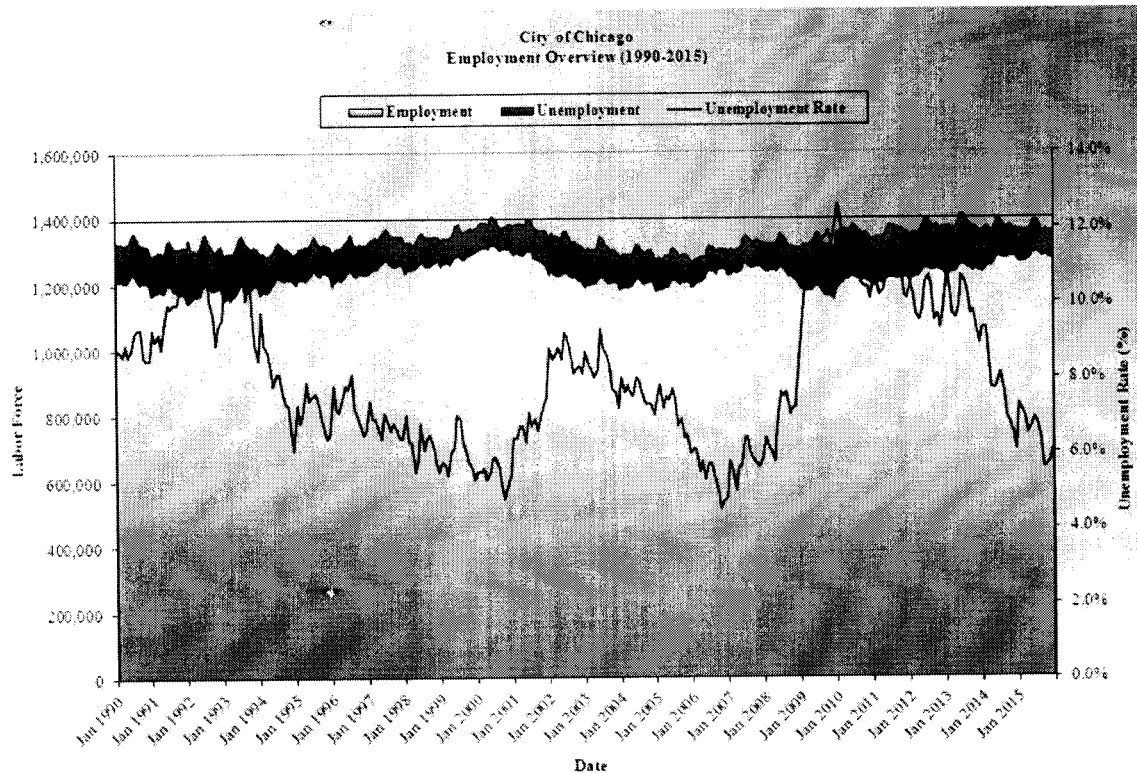


**Monthly Not Seasonally Adjusted Labor Force,  
Employment and Unemployment data in Chicago-Naperville-Joliet, IL MSA**

Period	Civilian Labor Force	Employment	Unemployment	Unemployment Rate	Preliminary Calculation
Aug 2014	4,924,167	4,587,719	336,448	6.8%	No
Sep 2014	4,888,977	4,587,736	301,241	6.2%	No
Oct 2014	4,912,472	4,615,736	296,736	6.0%	No
Nov 2014	4,906,462	4,615,916	290,546	5.9%	No
Dec 2014	4,883,799	4,603,547	280,252	5.7%	No
Jan 2015	4,873,595	4,535,652	337,943	6.9%	No
Feb 2015	4,860,983	4,537,173	323,810	6.7%	No
Mar 2015	4,851,740	4,540,047	311,693	6.4%	No
Apr 2015	4,846,390	4,567,533	278,857	5.8%	No
May 2015	4,889,136	4,603,131	286,005	5.8%	No
Jun 2015	4,964,362	4,665,339	299,023	6.0%	No
Jul 2015	4,972,294	4,678,516	293,778	5.9%	No
Aug 2015	4,920,630	4,646,211	274,419	5.6%	No
Sep 2015	4,860,851	4,622,395	238,456	4.9%	No
Oct 2015	4,895,712	4,648,385	247,327	5.1%	No
Nov 2015	4,880,242	4,617,986	262,256	5.4%	No
Dec 2015	4,890,864	4,610,669	280,195	5.7%	Yes

Source: Bureau of Labor and Statistics





**Monthly Not Seasonally Adjusted Labor Force,  
Employment and Unemployment data in City Of Chicago**

Period	Civilian Labor Force	Employment	Unemployment	Unemployment Rate	Preliminary Calculation
Aug 2014	1,378,030	1,273,010	105,020	7.6%	No
Sep 2014	1,367,138	1,272,781	94,357	6.9%	No
Oct 2014	1,372,360	1,279,720	92,640	6.8%	No
Nov 2014	1,368,995	1,280,100	88,895	6.5%	No
Dec 2014	1,361,612	1,278,994	82,618	6.1%	No
Jan 2015	1,361,808	1,262,178	99,630	7.3%	No
Feb 2015	1,358,287	1,262,381	95,906	7.1%	No
Mar 2015	1,356,925	1,263,597	93,328	6.9%	No
Apr 2015	1,357,365	1,268,866	88,499	6.5%	No
May 2015	1,366,863	1,275,450	91,413	6.7%	No
Jun 2015	1,386,246	1,291,072	95,174	6.9%	No
Jul 2015	1,387,521	1,293,397	94,124	6.8%	No
Aug 2015	1,374,061	1,285,871	88,190	6.4%	No
Sep 2015	1,352,317	1,276,672	75,645	5.6%	No
Oct 2015	1,361,900	1,285,122	76,778	5.6%	No
Nov 2015	1,353,748	1,274,843	78,905	5.8%	No
Dec 2015	1,358,772	1,275,456	83,316	6.1%	Yes

Source: Bureau of Labor and Statistics

Chicago Area Largest Employers			
Rank	Company	# of Full Time Employees	# of Full Time Worldwide Employees
1	US Government, Chicago	49,860	1,835,583
2	Chicago Public Schools, Chicago	39,094	39,094
3	City of Chicago, Chicago	30,340	30,343
4	Cook County, Chicago	21,482	21,482
5	Advocate Health Care	18,512	19,092
6	JP Morgan Chase Company	16,045	256,126
7	University of Chicago	15,452	15,452
8	State of Illinois	14,731	49,788
9	United Continental Holdings Inc.	14,000	85,000
9	AT&T	14,000	246,740
11	Walgreen Co.	13,657	249,000
12	Abbott Laboratories	12,000	70,000
13	Presence Health	11,959	14,174
14	Chicago Transit Authority	11,100	11,100
15	University of IL at Chicago	9,900	9,900

Source: Crain's Chicago Business Top Lists 2015

### Transportation

Until 2005, O'Hare was the world's busiest airport in number of takeoffs and landings. Until 1998, O'Hare was the busiest airport in the world in number of passengers. Mainly due to limits imposed on the airport by the federal government to reduce flight delays, Hartsfield-Jackson Atlanta International Airport became the busiest by the former metric in 2005. As of 2014, O'Hare is the busiest airport in the world by traffic movements, and is the third busiest airport in the United States and sixth busiest in the world by passenger traffic.

O'Hare is currently a major hub for American Airlines and United Airlines, as well as a hub for regional carrier Air Choice One and a focus city for Frontier Airlines and Spirit Airlines. It is the second largest passenger carrying hub for United after Houston's George Bush Intercontinental Airport carrying 15.3 million passengers annually, and largest by number of daily flights, operating a total of 585 flights daily. O'Hare is American's second largest hub, behind Dallas/Fort Worth International Airport, and third largest by number of daily flights, operating a total of 201 mainline flights daily.

As of September 2014, O'Hare has direct service to a total of 210 destinations, including 153 domestic destinations in the United States and 57 international destinations in South America, Asia and Europe. With Over 200 destinations, O'Hare is among a select group of airports worldwide with that distinction, including Frankfurt Airport, Amsterdam Airport Schiphol, Charles de Gaulle Airport, Hartsfield-Jackson Atlanta International Airport, Dallas/Fort Worth International Airport, Munich Airport, and Dubai International Airport.

The other major airport serving the Chicago region is Midway Airport on the southwest side of Chicago. The airport implemented an \$800 million reconstruction featuring a new terminal and massive parking facility. Southwest Airlines is the leading carrier at the airport.

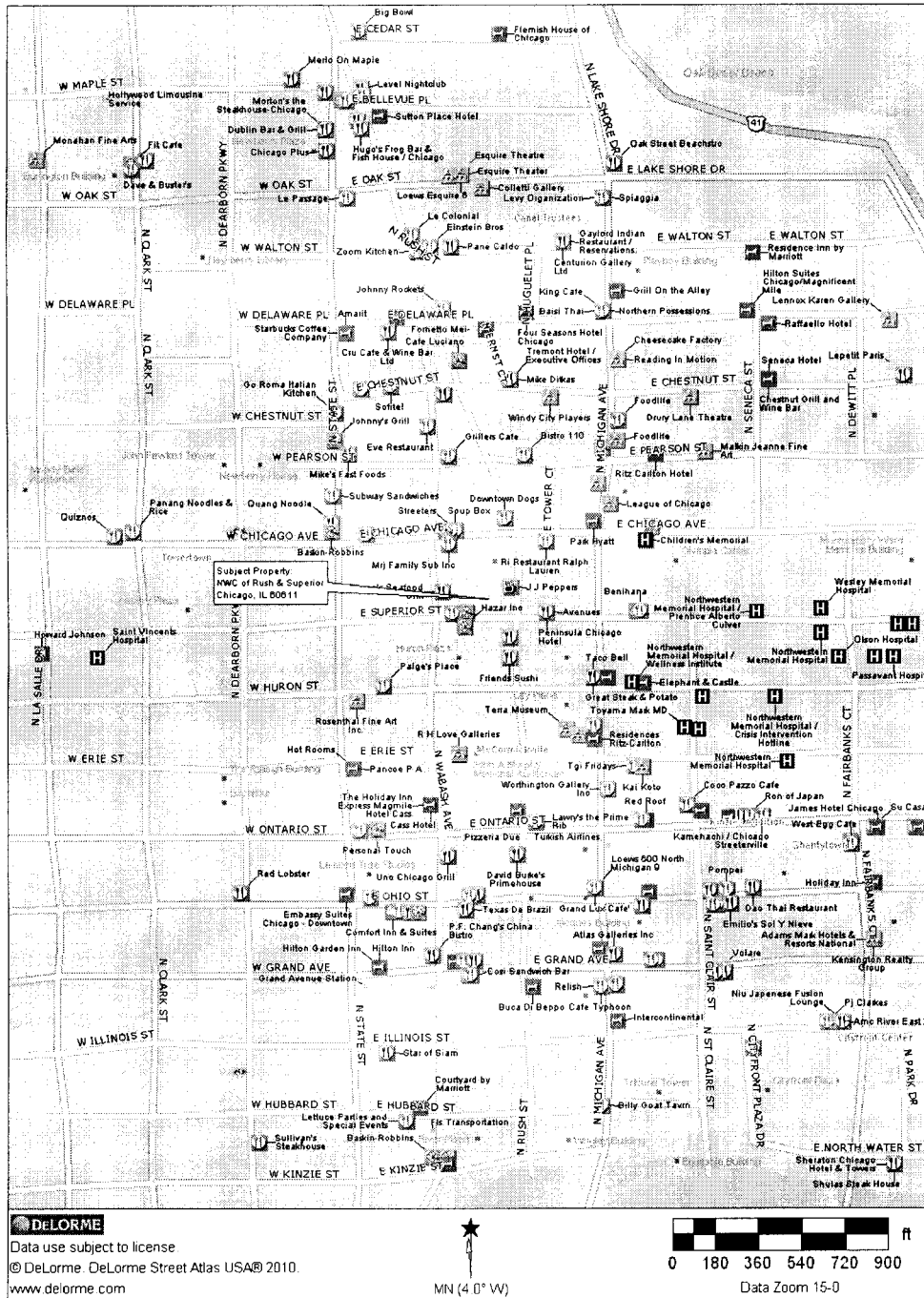
The Chicago area is well known for its extensive mass transportation system which includes suburban commuter trains, city and regional bus routes, and subway and elevated train lines in the city. The Chicago Transit Authority (CTA) operates elevated rail lines, subway rail lines, and extensive bus routes within the city limits and selected border suburbs. Metra operates high-speed commuter trains connecting the farthest suburbs to downtown, while the Pace bus system covers the nearer suburbs. These three service boards make up the Regional Transportation Authority (RTA). The RTA has the primary responsibility of financial and budget oversight for the CTA, Metra and Pace. The RTA is the second largest public transportation system in North America providing over two million rides a day.

With its central location and access to interstates, water systems and train lines, the Chicago MSA serves as an integral shipping and transportation center. The Port of Chicago provides water access to the city available both from the Gulf of Mexico, by way of the Mississippi and Illinois Rivers and from the Atlantic Ocean via the St. Lawrence Seaway and the Great Lakes. Located at the junction of five major interstate highways, which also bring commuter traffic into the downtown area, Chicago is the nation's largest trucking center, offering a comprehensive motor carriage system that attracts more than 30 million tons of freight annually. Chicago is also a hub of the nation's railway system, transporting approximately 23 million tons of manufactured goods annually along 18 trunk lines encompassing half of the nation's railway mileage. Chicago has an extensive interstate system linked by both federal and state highways. Interstate highways servicing the Chicago area include I-90/94 (Dan Ryan), I-94 (Edens), I-55 (Stevenson), I-290 (Eisenhower), I-294 (Tri-State), I-88 (East-West Tollway), I-355 (Veterans Memorial Tollway), I-57, I-80 and a wealth of state and federal highways.

## **Conclusion**

In general, the Chicago area has a stable and exceptionally diversified economic base and a population that is expected to grow steadily over the next several decades. As detailed above, it is evident that Chicago has a vital and vibrant central business district coupled with an excellent transportation infrastructure. With the numerous assets Chicago has to offer, it is no wonder why it has managed to be one of the most popular places in the country to do business. This vibrancy has extended to the suburbs in the form of a diversified residential base. Chicagoland's growing population and economy has created a foundation capable of supporting the investment in major projects in the suburbs and downtown area alike. Further, the proliferation of industrial and office/commercial space is driven by Chicago's central location and transportation infrastructure. The strong local economy evidenced by not only the local businesses which call Chicago home but also the popularity of the Greater Chicago area as a draw for tourists, meeting planners and business travelers play a major role in elevating Chicago's retail and lodging markets to one of the best in the nation.

## Neighborhood Map





## NEIGHBORHOOD DESCRIPTION

### *Gold Coast and Magnificent Mile*

Chicago's Gold Coast hosts extensive high rises, brownstones, and mansions in its beautiful residential areas. These areas boast a wonderful view of Lake Michigan and close proximity to the Loop, making it one of the most expensive and exclusive areas to reside in Chicago. Many of the homes in the Gold Coast are designated Chicago landmarks. Its boundaries are now defined as North Avenue and Division Street on the north, Lake Michigan on the east, Chicago Avenue on the south and Clark and Franklin Streets on the west.

The Gold Coast was an unexceptional neighborhood until 1885, when Potter Palmer, former dry goods merchant and owner of the Palmer House hotel, built a fanciful castle on Lake Shore Drive. Over the next few decades, Chicago's elite gradually migrated from Prairie Avenue to their new homes north of the Loop.

The original Astor Street District was named after John Jacob Astor, one of the richest people in the country. He did not live in Chicago, but was a respected citizen with several achievements and his name gave the neighborhood a status of wealth which remains even today.

The neighborhood is listed as the "Gold Coast Historic District" on the National Register of Historic Places. Certainly, the homes evoke a sense of history; each stone mansion gives the impression of permanence and wealth. A walk through the neighborhood provides an up-close glimpse of some of the city's oldest and most unique architecture.

An example of this uniqueness is the Charnley Persky House at 1365 N. Astor Street. Known as the "first modern house in America", it was designed by Louis Sullivan and Frank Lloyd Wright. It is a National Historic Landmark and its upkeep is funded by the Gold Coast Neighbors.

There are condominiums on Lake Shore Drive that are also unique in terms of architecture. They have traditionally large lobbies and huge bay windows that face east and provide magnificent views of Lake Michigan.

Yet another architectural gem in the neighborhood is the John Hancock Building. This iconic building stands 100 stories tall and is best known for its external X-bracing. A historic part of the Chicago skyline, it is instantly recognizable by locals and non-locals alike. The building contains offices, condominiums and restaurants; the 95th floor houses The Signature Room, an upscale restaurant that affords views of the city as well as Lake Michigan. There is an observation deck on the 94th floor as well.

The Newberry Library is a historic part of Chicago's Gold Coast. It was opened to the public in 1887 and has since become one of the world's leading research libraries. With a focus on the humanities, the Newberry offers a highly renowned collection, as well as lectures, exhibits, classes and even an immense book sale each year.

The Magnificent Mile runs through its southern tip and embraces designer boutiques, hotels, and fine cuisine. The John Hancock Center and Water Tower Place claim residence in the Gold Coast and residents also enjoy the beautiful Oak Street Beach for their morning run or afternoon stroll. Shopping in the Gold Coast is of an upscale nature; shoppers throng the streets carrying shopping bags with internationally recognized names which adorn One Magnificent Mile. Apart from smaller, one-of-a-kind boutiques, there are popular stores such as Diesel, Urban Outfitters, Adidas, Puma and Anthropologie. More elite shops can also be found, such as Barney's New York, Bang and Olufsen, Prada and Kate Spade.

A 102-year-old business group that represents businesses along the Magnificent Mile was recently renamed The Magnificent Mile Association (it was previously named The Greater North Michigan Avenue Association.) The group seeks to boost its world-wide profile and draw tourists domestically and internationally to the Magnificent Mile. More than 40,000 people shop daily at businesses associated with the mile-long stretch of North Michigan Avenue. In 2015, the district was among the top 20 shopping destinations in the world, according to a report by Cushman and Wakefield Retail Market View.

North Michigan Avenue is the seventh most-expensive street for shopping in the U.S., as measured by rent per square foot in 2015.

Top North American Retail, 2015 Locations Rent Per Square Foot		
Location	City	Average rent per sq. ft.
Upper Fifth Avenue	New York, NY	\$3,500
Madison Avenue	New York, NY	\$1,500
Lower 5 <sup>th</sup> Avenue	New York, NY	\$1,000
Rodeo Drive	Beverly Hills, CA	\$800
SoHo	New York, NY	\$795
Union Square	San Francisco	\$650
<b>North Michigan Avenue</b>	<b>Chicago, IL</b>	<b>\$525</b>
Post Street	San Francisco, CA	\$495
<b>East Oak Street</b>	<b>Chicago, IL</b>	<b>\$340</b>
Lincoln Road	Miami, FL	\$325
<i>Source: The Magnificent Mile Association</i>		

The Gold Coast is one of the most famous districts in Chicago for dining, with a very high concentration of restaurants and bars. Many of them are located on famed Rush Street. A densely packed area known for its energy and its lights, Rush is awake long after the Loop has gone to sleep. Even in cold weather, throngs of people can be found mingling outside each of the restaurants and bars in this area. It is, to many, the place to be. Many establishments, aware of the draw of Rush Street, use the moniker when naming their business. There is the Rush Street Restaurant, Phil Stefani's 437 Rush and Tavern on Rush, to name a few.

Restaurants that are unique to Chicago include Tavern on Rush, Carmine's, Gibson's, Bistro Zinc, Morton's Steakhouse, Hub 51 and PJ Clarke's. Well-known chains also abound here. There are Dave and Buster's, Johnny Rockets, Big Bowl, Bubba Gump Shrimp Co. and the world-

famous Cheesecake Factory. For faster food, visitors can try Corner Bakery or Gold Coast Dogs.

### *Streeterville*

Streeterville is a neighborhood that caters to both locals and visitors; it is a family-oriented neighborhood as well as a major tourist destination. With its colorful history and its something-for-everyone attractions, Streeterville is one of Chicago's most interesting neighborhoods.

The Streeterville neighborhood includes one of the best-known museums in Chicago, the Museum of Contemporary Art. The MCA holds over 6,000 objects of art in all media and genres, including paintings, sculptures, photographs, videos, film and performance pieces. The building itself is impressive, with a view of Lake Michigan and a beautiful outdoor sculpture garden. The Museum hosts several events throughout the year, including Free Tuesdays, 8-Minute Dating, a Book Fair and The Literary Gangs of Chicago.

Another major Streeterville attraction is The Chicago Shakespeare Theater, which was founded in 1986 and moved to Navy Pier in 1999. This theater is dedicated to bringing to life the works of William Shakespeare and holds 510 seats on three levels that curve around the stage. The theater, although it seats hundreds of people, retains a very intimate air; there are only nine rows of seats, so audience members in the most distant seats are still very close to the stage.

The theater offers visitors a variety of ways to spend time before the show begins. There are lobbies with views of Lake Michigan, as well as a bookstore, a pub, and even a pre-show with a member of the cast or with a Shakespeare scholar. The theater also sponsors Team Shakespeare, one of the country's largest arts-in-education programs that offers a collection of on-site teaching and reference materials, affordable tickets to students and free teacher workshops.

Streeterville is also home to Navy Pier, one of Chicago's best-known destinations. The Pier draws over 8 million visitors each year. Built in 1909, Navy Pier has undergone many changes, resulting in the family-oriented, fun-filled entertainment spot it is today. There is also a convention hall for large groups. In addition there are shops, boat cruises, two performance stages, the Chicago Shakespeare Theater, Time Escape (a 3-D time travel ride) and the Smith Museum of Stained Glass Windows. Clearly, Navy Pier is a microcosm that offers hours of entertainment for every member of the family. Navy Pier is also host to a number of restaurants. Apart from street vendors selling everything from Italian ice to elephant ears, there are establishments such as Billy Goat's Tavern, Bubba Gump, Capi's Italian Kitchen, the Dock Street Café and Haagen Dazs.

A few steps away from Navy Pier is the Ohio Street Beach, a cozy little beach that is frequented by inhabitants of Streeterville. There is a lifeguard on duty, making this beach child-friendly. The landscape around the beach is surreal; it is interesting to enjoy a day at the beach while being gazed down upon by some of the world's tallest skyscrapers.

For those interested in the history of the Citizen Soldier, Streeterville's Pritzker Military Library is a good place to visit. The library contains over 9000 volumes focusing on 20th century modern

warfare and the American Civil War and is dedicated to portraying the soldier as essential to the preservation of democracy.

The inhabitants of Streeterville range from established business professionals to working class families. There are several hospitals in the area, as part of Northwestern University's Feinberg School of Medicine, and thus there are several members of the medical community living in and near Streeterville as well. The neighborhood is tightly-knit and involved. The Streeterville Organization of Active Residents, or SOAR, is a non-profit organization that was founded in 1975. The organization is dedicated to "Working to Keep Streeterville a Neighborhood" by promoting a sense of community and safety in the area. SOAR is run entirely on a volunteer basis.

Streeterville is also home to Northwestern University's School of Law and Medical Center, the University of Chicago's Graduate School of Business, and both Chicago's CBS and NBC Television affiliates. The Chicago neighborhood of Streeterville has both the wealth and elegance of its Gold Coast neighbor to the north, with high-end shopping such as Neiman Marcus, Versace, and the 900 North Michigan Avenue shopping center.

Streeterville owes its name to an interesting and quirky tale. George Wellington "Cap" Streeter was a jack-of-all-trades who, in 1886, purchased a boat, named it the Reutan, and took it for a test run on Lake Michigan during a storm. Cap and his wife, who was also aboard, ended up on a sandbar 450 feet east of Michigan Avenue. Instead of digging themselves out once the storm had passed, they decided to live on the sandbar, aboard their boat. At this time, only 15 years after the Great Chicago Fire, the city of Chicago was in the midst of rebuilding.

Cap found that Chicago (and Illinois) ended at the original shoreline, and thus his sandbar was not considered to be a part of either. He named it the "District of Lake Michigan" and claimed full rights to this land. At this point, Cap began selling small parts of his land and thus a shantytown was born on the sandbar. Cap built a house on the land amidst the squalor. Before long, some of Chicago's wealthier businessmen petitioned to have Cap and the shantytown residents booted off the land, since the land could be better used, in their opinion, as a highway connecting the Loop to the Gold Coast. After several ensuing battles over ownership of the land, Cap was arrested for an unrelated, minor offense. During this time, his home was burned down and he finally lost control of the land. He died in 1921. The land where the sandbar originated is now some of Chicago's most expensive real estate.



## PROPERTY DESCRIPTION

### SITE DESCRIPTION



#### Location:

The subject property's rectangular shaped site is located in the northwest quadrant of the intersection of Rush Street and Superior Street in Chicago's Near North neighborhood at the intersection of several of Chicago's premier neighborhoods (Streeterville, River North, and Gold Coast). The subject's site is located on block off of Michigan Avenue, which serves as a premier retail and commercial corridor in the City of Chicago. Land uses in the area are largely composed of high-density residential uses, high-density commercial buildings, high-density lodging properties, hospitals, university buildings, public parks, and museums. Regional access to the subject property is achieved via numerous public transportation options operated by the Chicago Transit Authority (CTA) and interchanges for Lake Shore Drive (US Highway 41) to the east and for I-90/I-94 (Kennedy Expressway) to the west.

<b>Shape:</b>	Rectangular
<b>Size:</b>	The subject property's land site is a subsection of the entire block that is bounded Wabash Avenue (to the west), Superior Street (to the south), Rush Street (to the east), and a public alley to the north. The entire block features 37,500 square feet and the subject's site measures approximately 28,500 square feet or 0.654 acres of land area.
<b>Access/Visibility:</b>	The subject property's intended use plans call for pedestrian access via Wabash Street and Superior Street. Vehicular ingress will be achieved via the public alley to the north of the building improvements.
<b>Topography:</b>	Site is at street grade.
<b>Soil and Subsoil:</b>	No soil tests were provided to us in connection with this appraisal and no responsibility is assumed for any adverse subsoil conditions that may exist. Our appraisal specifically assumes that soil conditions are adequate to support the subject's improvements over the remaining economic lifetime.
<b>Environmental:</b>	The appraiser did not perform any soil tests or tests of the underground water for possible contamination. The appraiser is not qualified to detect such substances, and therefore, the extent of hazardous waste remaining on the property, if any, is not known. In absence of specific information or data to the contrary, the appraiser has estimated value of the property as is "clean" and uncontaminated. The value estimate does not take into account any negative or positive factors caused by the existing or forthcoming EPA or other regulations.
<b>Flood Plain Data:</b>	A review of the Federal Emergency Management Agency's Flood Insurance Rate Map Panel #: 17031C0419J, dated August 19, 2008, indicates the property is located in a Flood Zone designated as X. This is an area determined to be outside 500-year floodplain determined to be outside the 1% and 0.2% annual chance floodplains.



## FLOOD MAP



**Easement and Restrictions:**

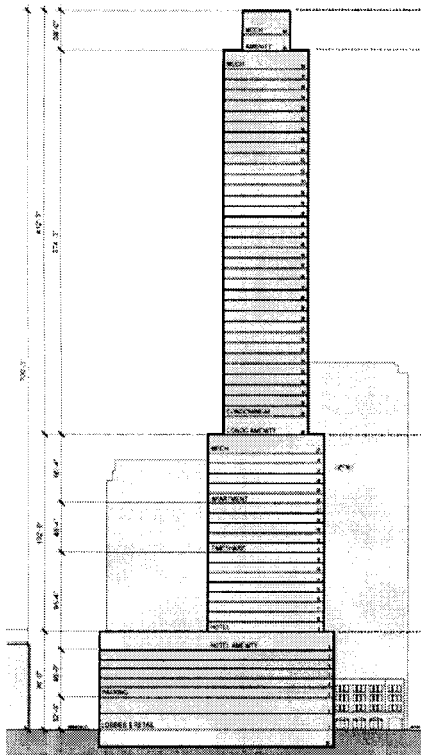
No adverse easements were identified. Should





The building's foundation consists of a cast in place reinforced concrete foundation. The property will be steel framed and finished with a glass curtain wall.

The table below provides an overview of how the building area at the subject is planning to be demised.



Project Summary													Financial Summary										Performance Summary									
ID	Name	Type	Status	Priority	Owner	Manager	Start Date	End Date	Duration	Progress %	Budget	Actual	Variance	ROI %	Risk Level	Quality Score	Customer Sat.	Team Size	Avg. Effort	Avg. Cost	Avg. Profit	Avg. Margin	Avg. Yield	Avg. Loss	Avg. Gain	Avg. Total						
Overall Totals																																
Total Budget: 1,000,000   Total Actual: 950,000   Total Variance: 50,000   Total ROI: 5%   Total Risk: Low   Total Quality: 90   Total Customer Sat: 85   Total Team Size: 100   Total Avg. Effort: 100   Total Avg. Cost: 100   Total Avg. Profit: 100   Total Avg. Margin: 10%   Total Avg. Yield: 100   Total Avg. Loss: 100   Total Avg. Gain: 100																																
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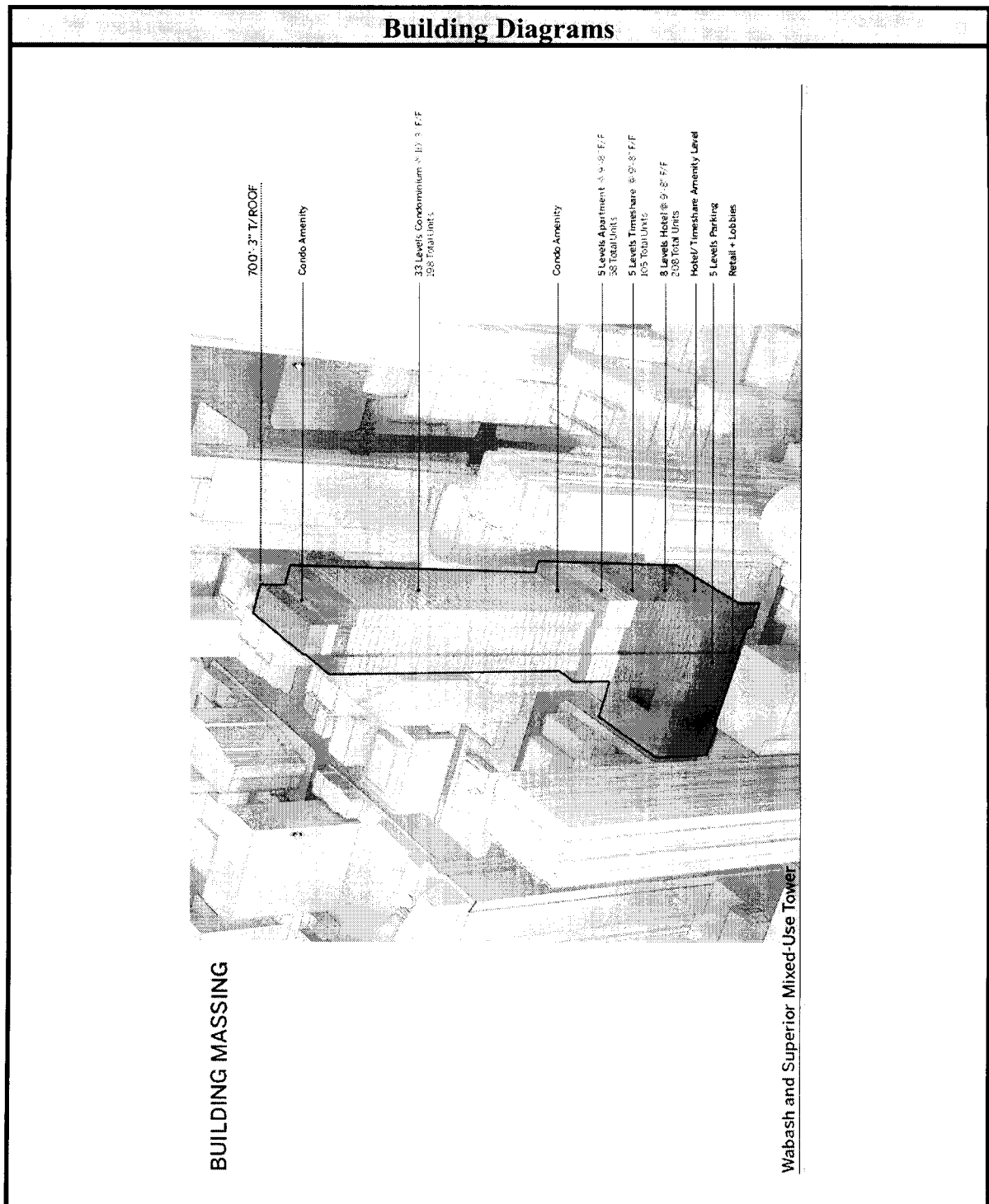
The primary pedestrian entrance will be on street level (Wabash Street & Superior Street) leading into an attractive lobbies finished with ornamentation typical of a luxury building.

The floors will consist of reinforced concrete topper and finished with a combination of wood flooring, tile, and carpet in the units.

The roof systems at the subject will be comprised of a built up system typical of high-rise buildings in the market.



<b>Exterior Walls:</b>	The exterior walls will be composed of a glass curtain wall and pre-fabricated panels.
<b>Interior Walls:</b>	The interior walls and ceilings are comprised of painted wallboard/drywall.
<b>Doors/Windows:</b>	The windows will be thermo pane glass and unit entrance doors will be metal set in wood frames.
<b>Stairways:</b>	The interior common area stairs in the building will be metal risers and have metal handrails.
<b>Lighting:</b>	Lighting will be achieved via a mixture of LED, HID, and incandescent fixtures. Exterior lighting is provided by building-mounted and pole-mounted HID type fixtures.
<b>HVAC:</b>	Units will be heated by individual HVAC systems and common areas will be heated and cooled via commercial rated systems.
<b>Utilities:</b>	All typical, public utilities are available in adequate amounts at the subject property. The subject building will have adequate electrical distribution for a facility of its type and size.
<b>Plumbing:</b>	Copper supply and a combination of PVC and cast iron waste and vent piping.
<b>Kitchen:</b>	<b>Appliances:</b> Each kitchen includes a refrigerator with ice maker, electric range, garbage disposal, and dishwasher.
<b>Bath/ Kitchen Counters &amp; Cabinets:</b>	Luxury condominium quality finishes.
<b>Fire and Life Safety:</b>	Each unit has a separate locked entry. The property is equipped with smoke detectors, fire alarms and fire extinguishers, and emergency lighting placed throughout the property common areas.
<b>Age &amp; Condition:</b>	The property will be in excellent condition upon completion.



**MARKET ANALYSIS****Introduction – Hotel Market Overview**

The hotel market analysis presents an overview of the supply and demand characteristics beginning from a demand perspective. Demand can be segregated into accommodated and un-accommodated demand. For purposes of this report, we define accommodated demand as that demand that can be calculated by analyzing historical data whereas un-accommodated demand is the demand the market is unable to accommodate. Commencing with a historical overview of the market, we then identify possible additions of supply, yielding a basic understanding of performance and potential supply changes. To estimate prospective utilization for the subject property, we conducted an analysis of the subject area's lodging market. Specific data was gathered and analyzed relative to the identified supply of existing and proposed competitive hotels, demand for lodging facilities, and the subject hotel's competitive position.

**National Lodging Highlights 3Q2015**

According to Price Waterhouse Coopers (PwC), performance of the U.S. lodging sector in the second quarter of 2015 generally met expectations with a year-over year RevPAR increase of 6.5%. During that time, average daily rate (ADR) growth drove RevPAR increases to a larger degree than in prior quarters with a 4.8% year-over-year increase. Demand trends also remained robust with both transient and group demand showing strong momentum and year-over-year occupancy growth of 1.4% and 1.5%, respectively, during the first half of 2015. Overall, occupancy levels in the first half of 2015 were at the highest since 1987, giving many operators the confidence to test price increases in many markets. Overall, PwC's outlook for 2015 remains optimistic with a RevPAR increase of 6.9%, driven mainly by a forecast annual ADR growth of 5.0%. The combination of strong demand trends and low supply growth is expected to drive peak occupancy levels, pushing U.S. lodging occupancy to 65.6% in 2015 – the highest level since 1981. As occupancy peaks in the U.S. lodging industry, ADR growth is expected to become more meaningful, as the effects of the rise in the value of the U.S. dollar wane, giving many hotel operators more pricing power, especially in certain gateway cities. In 2016, ADR growth of 5.8% is forecast for the U.S. lodging industry with the luxury and upper-upscale chain-scale segments both outperforming the industry with ADR growth of 6.3% and 5.9%, respectively, as per the August 2015 issue of PwC Hospitality & Leisure US.

**Demand**

As a whole, demand for the lodging industry is expected to increase 2.9% in 2015 – below the level of demand reported for 2014 (+4.3%). While each chain-scale segment is expected to see growing demand in 2015, year over- year increases are each below 2014 levels. For 2015, PwC forecasts lodging demand growth to be the strongest for the upscale lodging segment, increasing 5.5%, followed by the upper-midscale chain-scale segment at 3.9%.

## Supply

The supply pipeline continues to expand throughout much of the lodging industry with hotel additions for 2015 and 2016 expected to be well above prior years. As a result, PwC's outlook anticipates supply growth to increase 1.1% for the industry in 2015 and 2.0% for 2016 – above the 0.8% recorded for 2014 and the long-term average annual increase of 1.9%. For 2015 and 2016, the upscale chain-scale segment is forecast to see the greatest increase in supply, growing at 4.5% and 5.7%, respectively. On the other hand, the economy segment is expected to see a 0.0% increase in supply in 2015 and a 0.5% decrease in supply in 2016.

## Occupancy

Occupancy for the U.S. lodging industry was 65.2% for the first half of 2015, a 2.3% increase from the same period in 2014, according to Smith Travel Research (STR). Occupancy improved in each chain-scale segment during this period with the midscale segment posting the largest gain of 2.9%. For 2015, the U.S. lodging industry's occupancy is forecast to increase 1.8%. As shown in Exhibit L-1, occupancy gains are forecast for each chain-scale segment in 2015 with upper-upscale, midscale, and economy hotels outperforming the industry.

## Average Daily Rate (ADR)

ADR for the U.S. lodging industry was \$119.02 for the first half of 2015, a 4.8% increase from the same period in 2014, as per STR. ADR grew in each chain-scale segment over this period with the luxury (+5.3%), upscale (+5.2%), and economy (+5.4%) chain-scale segments each surpassing the industry average. For 2015, ADR for the U.S. lodging industry is forecast to increase 5.0%. As shown in Exhibit L-2, ADR growth is forecast for each chain scale segment in 2015.

## National Full-Service Lodging Segment

Lodging Forecasts		
Segment	2015	Annual Change
<b>Upscale</b>		
Occupancy	74.5%	+1.0%
ADR	\$134.30	+5.3%
Nominal RevPar	\$100.12	+6.3%
<b>Upper Midscale</b>		
Occupancy	67.8%	+2.2%
ADR	\$109.73	+5.1%
Nominal RevPar	\$74.39	+7.3%
<i>Source: Hospitality Directions US, August 2015 published by PWC</i>		

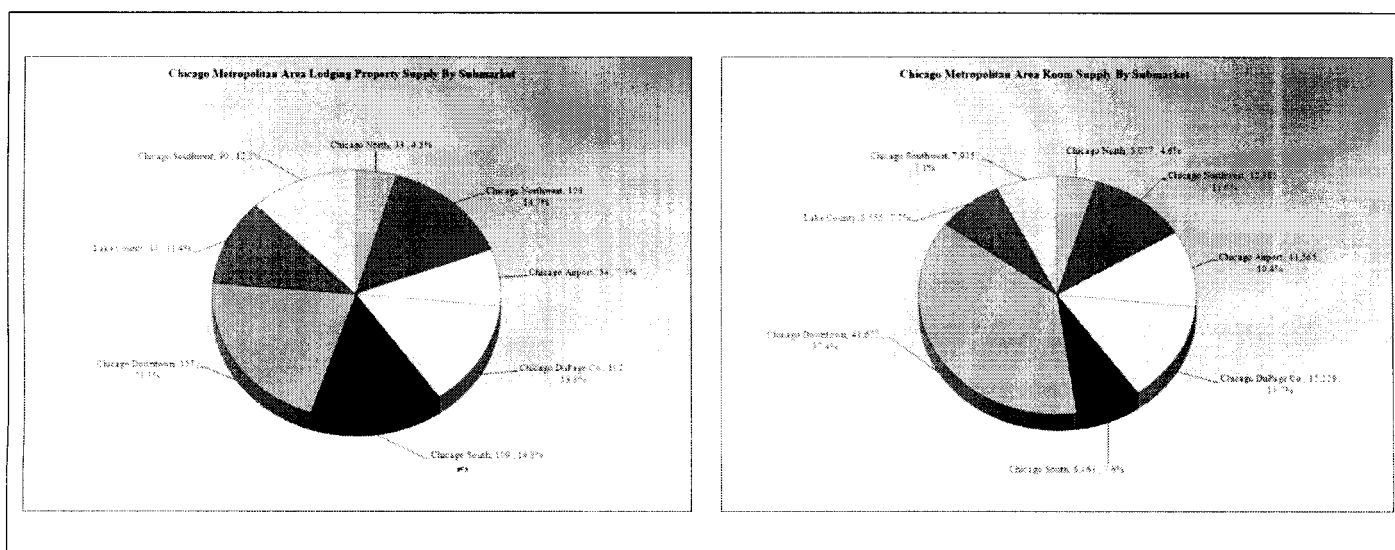
Continued growth in RevPAR, occupancy, and average daily rate (ADR) is expected for both the upscale and upper-midscale chain-scale segments through the remainder of 2015, pushing up property values and asking prices for full-service assets. Supply growth in the upscale chain-scale segment is expected to be well above that for the industry in 2015-2016. Specifically, supply is forecasted to grow 4.5% and 5.7% in 2015 and 2016, respectively, for the upscale segment.

### Chicago Metropolitan Lodging Market Overview

As of December 2015, the Chicago metropolitan hotel market contains 111,486 rooms in 737 properties. The overall market is divided into eight submarkets by Smith Travel Research, the premier hotel statistical tracking company.

The submarkets markets include (Numbers are current as of December 2015):

1. Chicago Downtown (157 hotels with 41,677 rooms)
2. Chicago DuPage (102 hotels with 15,229 rooms)
3. Chicago Northwest (108 hotels with 12,985 rooms)
4. Chicago Airport (54 hotels with 11,565 rooms)
5. Chicago South (109 hotels with 8,463 rooms)
6. Lake County (84 hotels with 8,555 rooms)
7. Chicago Southwest (90 hotels with 7,935 rooms)
8. Chicago North (33 hotels with 5,077 rooms)

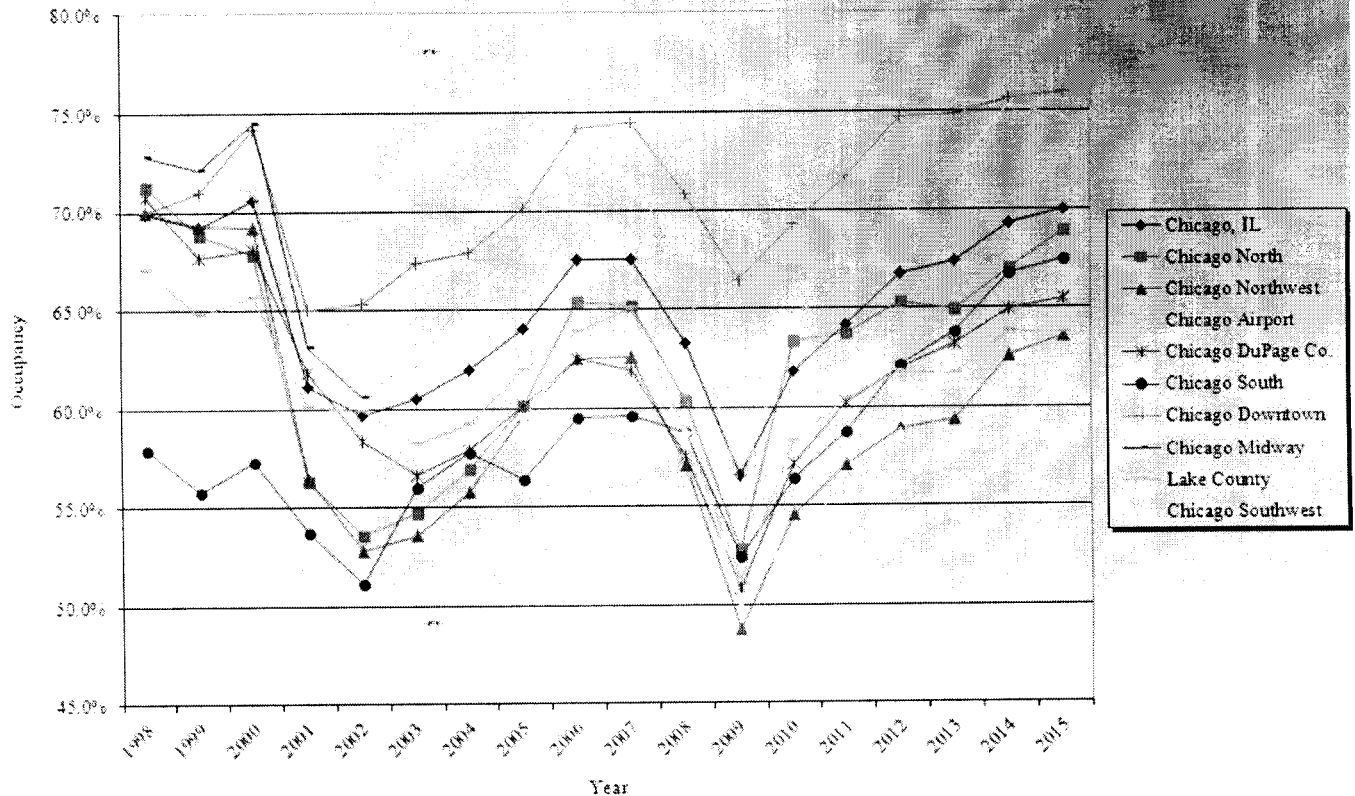


Chicago is the employment and financial center for the Midwestern states. The city is known as a major transportation hub and as a dominant convention market. These two factors contribute greatly to the success that the Chicago Lodging Market has garnered over time. It will be beneficial to our study to highlight the historical operations of the Chicago Metropolitan Area. We have included the following detailing the historical operations of the Chicago Metropolitan Area Lodging Market and its submarkets below.



**Chicago Metropolitan Area  
Historical Lodging Market Operating Statistics  
1998-2015**

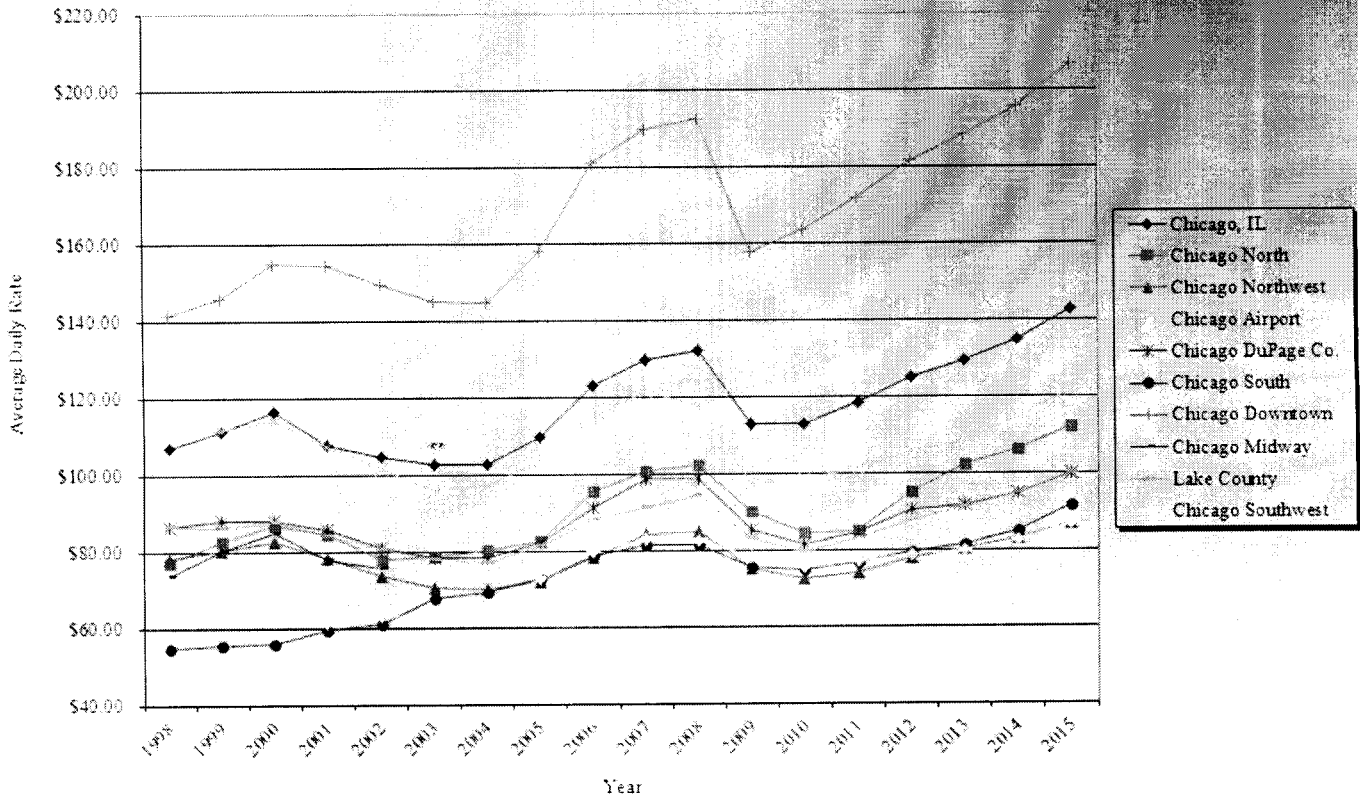
**Chicago Metropolitan Lodging Market Historical Occupancy**



Segment	Occupancy													
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Chicago, IL	59.7%	60.5%	62.0%	64.0%	67.5%	67.5%	63.3%	56.6%	61.8%	64.2%	66.8%	67.4%	69.3%	70.0%
Chicago North	53.6%	54.7%	56.9%	60.1%	65.4%	65.2%	60.4%	52.8%	63.3%	63.7%	65.3%	65.0%	67.0%	68.9%
Chicago Northwest	52.8%	53.6%	55.8%	59.7%	62.5%	62.5%	57.1%	48.7%	54.6%	57.1%	58.9%	59.3%	62.6%	63.6%
Chicago Airport	61.5%	62.2%	65.9%	68.4%	72.5%	72.2%	66.5%	55.8%	64.6%	66.2%	69.6%	72.0%	75.3%	74.7%
Chicago DuPage Co.	58.4%	56.6%	57.9%	60.1%	62.5%	61.9%	57.5%	50.8%	57.1%	60.2%	62.0%	63.2%	64.9%	65.5%
Chicago South	51.1%	56.0%	57.8%	56.4%	59.5%	59.6%	58.7%	52.4%	56.4%	58.7%	62.1%	63.8%	66.8%	67.5%
Chicago Downtown	65.3%	67.4%	67.9%	70.1%	74.2%	74.5%	70.8%	66.4%	69.3%	71.7%	74.7%	74.8%	75.6%	75.9%
Chicago Midway	60.6%													
Lake County	59.9%	58.2%	59.2%	62.0%	63.9%	65.1%	58.7%	51.3%	58.3%	60.4%	61.8%	61.7%	63.8%	63.7%
Chicago Southwest	57.1%	57.6%	58.5%	59.5%	63.3%	63.5%	58.7%	50.2%	53.7%	55.9%	58.6%	57.7%	58.6%	62.0%

**Chicago Metropolitan Area  
Historical Lodging Market Operating Statistics  
1998-2015**

**Chicago Metropolitan Lodging Market Historical Average Daily Rate**

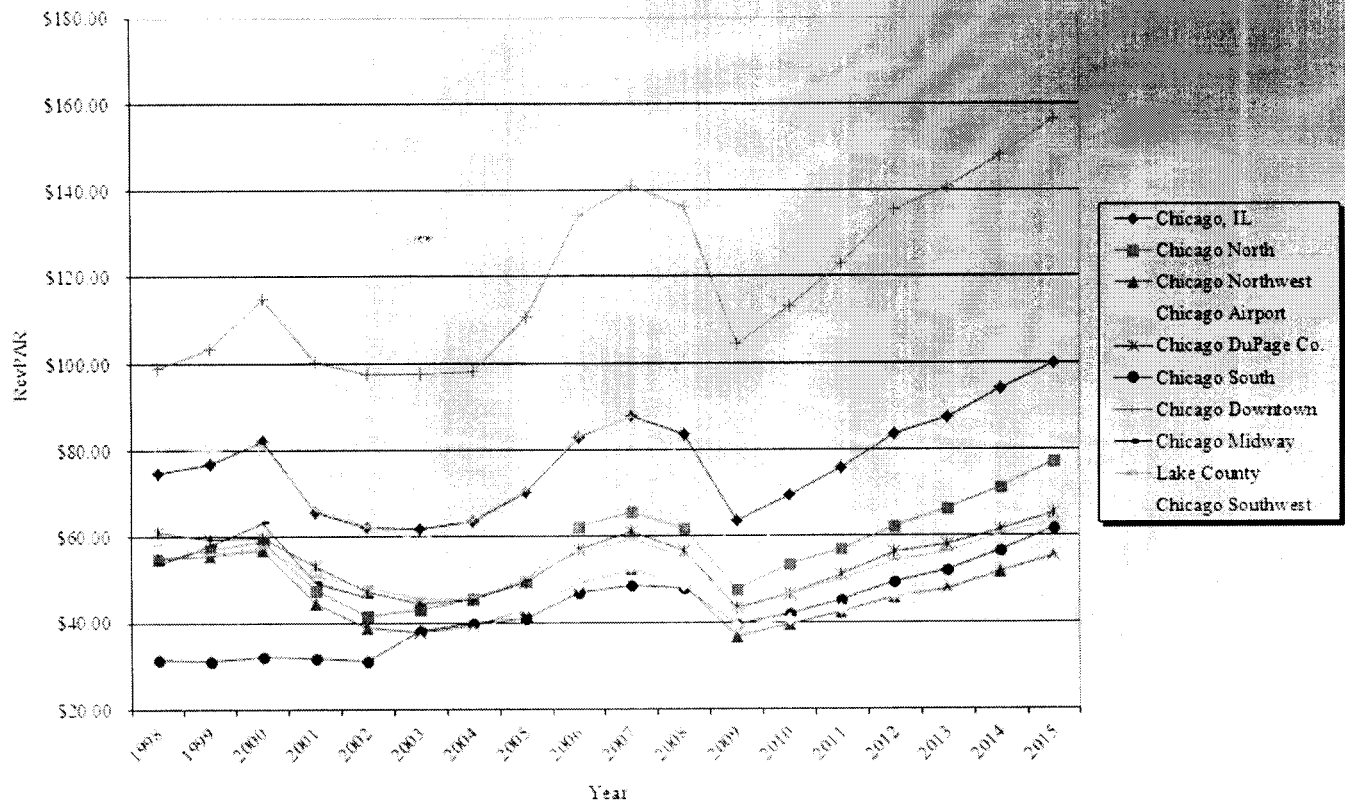


**Average Daily Rate**

Segment	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Chicago, IL	\$102.51	\$102.57	\$109.54	\$122.94	\$129.65	\$131.88	\$112.70	\$112.67	\$118.07	\$125.03	\$129.39	\$134.71	\$142.69
Chicago North	\$78.58	\$80.04	\$82.56	\$95.35	\$100.58	\$102.28	\$90.03	\$84.54	\$84.98	\$95.01	\$102.23	\$106.20	\$111.86
Chicago Northwest	\$70.34	\$69.96	\$71.89	\$78.34	\$83.93	\$85.04	\$75.06	\$72.20	\$74.07	\$77.95	\$80.29	\$82.80	\$86.86
Chicago Airport	\$95.77	\$96.90	\$103.49	\$114.67	\$121.33	\$117.55	\$97.51	\$98.77	\$100.92	\$105.66	\$107.93	\$114.84	\$121.49
Chicago DuPage Co.	\$78.34	\$78.24	\$82.19	\$91.12	\$98.61	\$98.67	\$85.13	\$81.18	\$84.51	\$90.55	\$91.68	\$94.74	\$99.61
Chicago South	\$67.82	\$69.21	\$72.74	\$78.56	\$81.53	\$81.52	\$75.51	\$74.61	\$76.71	\$79.41	\$81.49	\$84.84	\$91.58
Chicago Downtown	\$144.85	\$144.63	\$157.67	\$180.88	\$189.57	\$192.41	\$157.38	\$163.18	\$171.51	\$181.52	\$187.95	\$195.64	\$206.29
Chicago Midway													
Lake County	\$77.84	\$77.10	\$81.18	\$88.13	\$91.32	\$94.29	\$83.05	\$79.45	\$82.85	\$87.54	\$91.09	\$94.60	\$99.70
Chicago Southwest	\$62.65	\$64.86	\$72.90	\$79.90	\$82.99	\$82.73	\$78.20	\$75.54	\$76.97	\$78.77	\$79.81	\$82.39	\$86.83

**Chicago Metropolitan Area  
Historical Lodging Market Operating Statistics  
1998-2015**

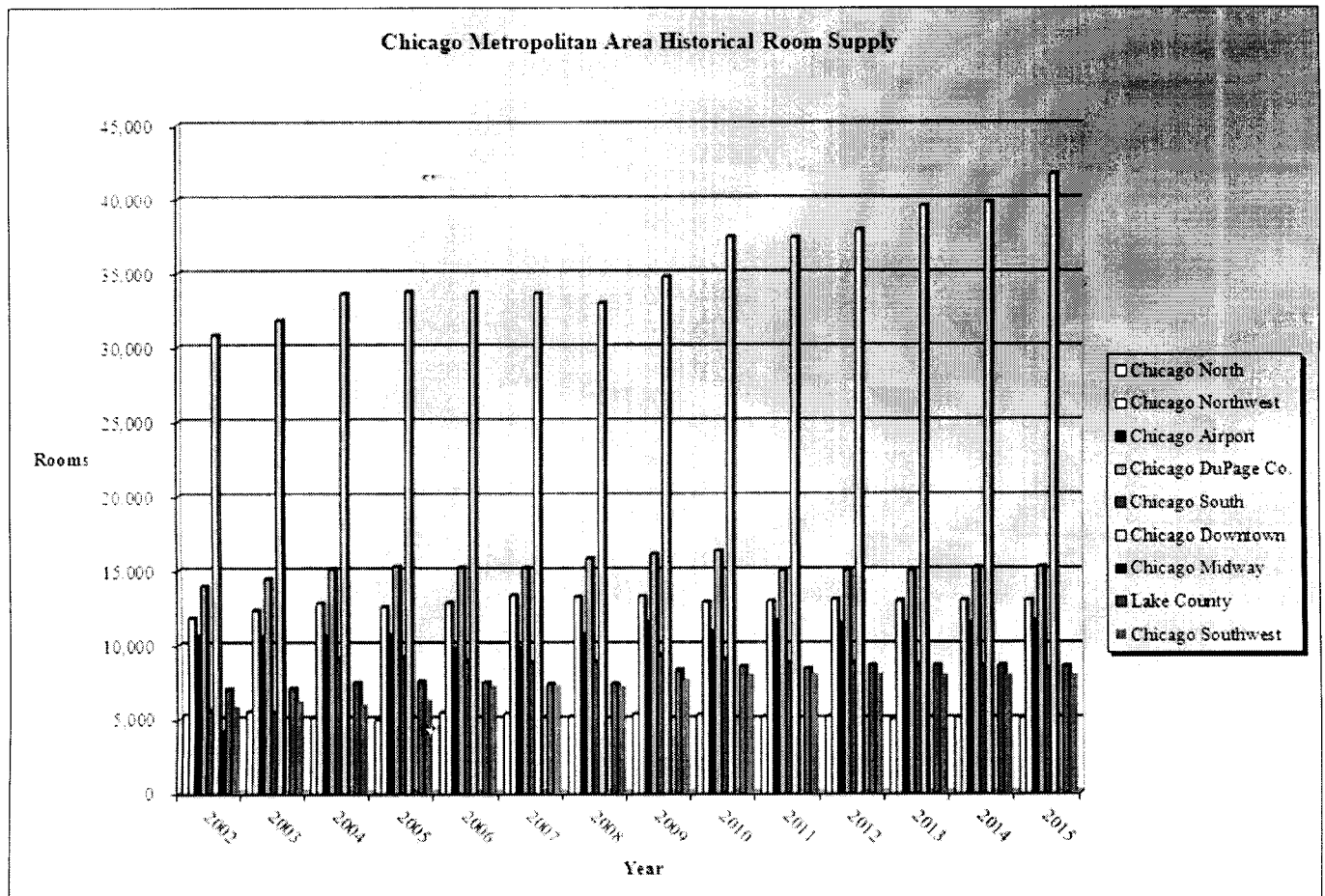
**Chicago Metropolitan Lodging Market Historical Revenue Per Available Room (RevPAR)**



Segment	RevPAR												
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Chicago, IL	\$61.99	\$63.56	\$70.15	\$82.92	\$87.54	\$83.47	\$63.75	\$69.66	\$75.81	\$83.50	\$87.22	\$93.99	\$99.88
Chicago North	\$42.98	\$45.56	\$49.58	\$62.33	\$65.57	\$61.73	\$47.57	\$53.55	\$57.07	\$62.07	\$66.40	\$71.20	\$77.10
Chicago Northwest	\$37.73	\$39.02	\$42.94	\$48.96	\$52.49	\$48.55	\$36.59	\$39.41	\$42.27	\$45.88	\$47.65	\$51.83	\$55.20
Chicago Airport	\$59.56	\$63.87	\$70.79	\$83.16	\$87.56	\$78.20	\$54.42	\$63.81	\$66.78	\$73.51	\$77.68	\$86.43	\$90.79
Chicago DuPage Co.	\$44.33	\$45.31	\$49.39	\$56.96	\$61.06	\$56.77	\$43.28	\$46.39	\$50.86	\$56.12	\$57.91	\$61.53	\$65.26
Chicago South	\$37.95	\$39.99	\$41.00	\$46.72	\$48.59	\$47.87	\$39.57	\$42.07	\$45.05	\$49.31	\$51.99	\$56.68	\$61.80
Chicago Downtown	\$97.56	\$98.26	\$110.60	\$134.17	\$141.16	\$136.18	\$104.54	\$113.07	\$122.90	\$135.55	\$140.62	\$148.00	\$156.55
Chicago Midway													
Lake County	\$45.32	\$45.66	\$50.37	\$56.35	\$59.47	\$55.35	\$42.58	\$46.33	\$50.04	\$54.11	\$56.17	\$60.37	\$63.52
Chicago Southwest	\$36.10	\$37.92	\$43.40	\$48.68	\$52.73	\$48.57	\$39.27	\$40.58	\$43.05	\$46.19	\$46.02	\$48.32	\$53.81



**Chicago Metropolitan Area  
Historical Lodging Market Operating Statistics  
2002-2015**



Room Supply										
Segment	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Chicago, IL	100,780	101,354	106,311	108,600	108,468	107,315	107,920	109,061	109,627	111,486
Chicago North	5,391	5,212	5,370	5,364	5,313	5,182	5,180	4,997	5,130	5,077
Chicago Northwest	13,328	13,223	13,279	13,303	12,877	12,939	13,055	12,948	12,988	12,985
Chicago Airport	9,806	10,666	11,483	11,462	10,907	11,618	11,410	11,410	11,411	11,565
Chicago DuPage Co.	15,183	15,819	16,109	16,079	16,317	14,972	15,006	14,981	15,183	15,229
Chicago South	8,807	8,865	9,347	9,290	9,079	8,787	8,755	8,660	8,624	8,463
Chicago Downtown	33,655	32,997	34,762	36,661	37,446	37,415	37,927	39,537	39,767	41,677
Chicago Midway										
Lake County	7,387	7,414	8,332	8,575	8,566	8,411	8,622	8,619	8,618	8,555
Chicago Southwest	7,223	7,155	7,629	7,866	7,963	7,991	7,965	7,909	7,906	7,935

As detailed in the chart above, the Chicago Metropolitan Lodging Market has made substantial moves since 2001 when there was contraction in travel industry largely surrounding the attacks experienced on September 11, 2001. Prior to September 11, 2001, the market was making moderate gains every year, which culminated in the 70.6% occupancy at the end of the year in 2000. Demand for rooms were strong throughout 2000 with demand for rooms outstripping new supply boosting occupancy rates to record levels. With the aforementioned occupancy gains accompanied by upward movements in the average daily rate hotel operators were pleased to see average daily rates reach \$116.42 in the overall Chicago Metropolitan Area. This level was not again reached until six years later in 2006.

Between 2001 and 2006 the Chicago Metropolitan Lodging Market experienced a period of readjustment with virtually every submarket experiencing a drop in vacancy and average daily rate from 2000 to 2001. One factor that coincided with the downturn of the hotel market that helped in bolstering demand was the implementation of web based reservation systems. This has done a great deal in providing another medium through which operators can create exposure for their hotel. It should be noted that many would argue that with the invention of the web based reservation this has worked against average daily rate growth due to the fact that corporate and price-sensitive clientele have better avenues for comparing rates across lodging properties. However, operators have furthered their ability to adjust pricing while being able to readily track occupancy at their operations in a fashion that has yet to be available and this worked to help in moving toward maximizing earnings.

Over the course of late 2002 and through 2003, a sluggish stock market, adverse effects surrounding war in Iraq and media coverage of the SARS epidemic were factors in keeping demand from making substantial gains. As investor's confidence grew, pent up demand and the absence of new supply brought new projects online during the interim period. The submarkets generally followed the same trends in occupancy and average daily rates as each other from 2001 to 2006 with virtually all submarkets surpassing 2000 levels by year end 2006. 2007 was a good year for the Chicago Lodging Market with operations again back at 2000 levels.

Over the course of 2008, occupancy numbers declined due to a reduction in companies' and households' traveling expenditures. Hotel operators attempted to mitigate the drops in occupancy by capturing higher daily rates over this time period. This resulted in a slight reduction in RevPAR from the highs experienced in 2007 through the metropolitan area. 2009 saw notable decreases in demand, which has forced operators to break from any increases in raising daily rates. The large drops in average daily rate have been partly responsible in hampering the Chicago hotel market's ability to maintain RevPAR levels anywhere near what was experienced during the lodging market peak in 2007. The secondary factor in depressing RevPAR is the large drop off in occupancy over the course of 2009. The decreased demand for room nights over this period can be attributed to a decline in business travel and the loss of several large conventions in Chicago. 2010 and 2011 brought positive signs for Chicago's lodging market evidenced the resurgent occupancy numbers reported by operators throughout the market. This has been the main catalyst in pushing RevPAR above 2009 levels.

As can be seen in the following chart, the statistics indicate that the metropolitan hotel market



(Chicago, IL) through year end 2015 has an occupancy level of 70.0% and an average daily rate of \$142.69 producing a RevPAR of \$99.88 as compared to the year-end period 2014, in which the occupancy level was 69.3% and the average daily rate was \$134.71 producing a RevPAR of \$93.99. These statistics indicate an overall 6.9% increase in RevPAR from 2014 to 2015.

Operating Performance - December Year End 2015												
Segment	Occupancy Percent			Average Room Rate			RevPAR			Revenue	Supply	Demand
	2015	2014	% Δ	2015	2014	% Δ	2015	2014	% Δ	% Δ	% Δ	% Δ
Chicago, IL	70.0%	69.3%	1.0%	\$142.69	\$134.77	5.9%	\$99.88	\$93.40	6.9%	8.5%	1.5%	2.5%
Chicago CBD	76.0%	75.7%	0.4%	\$209.03	\$198.75	5.2%	\$158.84	\$150.40	5.6%	9.8%	3.9%	4.4%
Chicago North	68.9%	67.0%	2.9%	\$111.86	\$106.23	5.3%	\$77.10	\$71.18	8.3%	8.3%	0.0%	2.8%
Chicago Northwest	63.6%	62.6%	1.6%	\$86.86	\$82.80	4.9%	\$55.20	\$51.82	6.5%	6.5%	0.0%	1.5%
Chicago Airport	74.7%	75.3%	-0.7%	\$121.49	\$114.63	6.0%	\$90.79	\$86.30	5.2%	5.6%	0.4%	-0.4%
Chicago DuPage Co.	65.5%	65.0%	0.8%	\$99.61	\$94.82	5.1%	\$65.26	\$61.59	5.9%	7.6%	1.6%	2.5%
Chicago South	67.5%	66.7%	1.2%	\$91.58	\$85.02	7.7%	\$61.80	\$56.70	9.0%	8.7%	-0.3%	0.9%
Chicago Downtown	75.9%	75.6%	0.3%	\$206.29	\$195.78	5.4%	\$156.55	\$148.11	5.7%	9.6%	3.7%	4.0%
Lake County	63.7%	63.8%	-0.1%	\$99.70	\$94.64	5.3%	\$63.52	\$60.34	5.3%	4.5%	-0.7%	-0.8%
Chicago Southwest	62.0%	58.6%	5.8%	\$86.83	\$82.55	5.2%	\$53.81	\$48.36	11.3%	11.1%	-0.1%	5.6%

Source: Smith Travel Research December 2015

## Outlook

The general outlook for the Chicago Metropolitan hotel market has improved from this time on year ago as an increased in investment activity has illustrated an increased level of optimism in the lodging market. The lodging market was one of the hardest hit segments of commercial real estate sectors but in top-tier and secondary markets has reached full recovery and surpassed previous highs. The lodging segment produced a substantial number of foreclosures and distressed assets, but many investors have turned these opportunities into some of the best way to navigate the economic climate. The lodging industry tends to not have the security of hedging risk with long term leases like many other property types in the industry. As a result, the swings to and from profitability within the Chicago lodging market tend to be much more rapid than in other sectors.

Hotel room nights utilized has a tendency to oscillate with the perceived health of the economy. Economic forecasts for 2016 suggest that the hotel market is going to continue to make gains that will push the market in a positive direction for operators. Talks with operators and review of market indicators imply that recent up ticks in occupancy rates and ADR throughout lodging market continue to show resurgence from the relatively weak lodging environment that was all too prevalent over 2009 and parts of 2008 and 2010. The first hint of room rate growth will come on the ability of management to secure bookings for business accounts, conventions, and special events that were more prevalent in past years. We forecast 2016 as a year in which the majority of hotels will continue to expand RevPAR. However, the properties that are most capable of securing enough guaranteed room nights through business accounts, conventions, and special events will have more room to raise rates and increase margins for room nights not associated with these events. As more and more properties exit the recovery stage and enter expansion, the operators that will mostly aptly navigate the current market conditions that currently exist are the ones capable of increasing profitability without drastic increases in average daily rates. More specifically, the current business climate can produce an opportunity for cost cutting measures

and capital improvement to be implemented in a fashion that will increase the efficiency of the respective lodging operation.

### **Changes in Chicago Downtown Lodging Supply**

The Chicago Downtown submarket is the leading hotel submarket and is a driving force behind the suburban hotel market. The downtown market is driven by the convention sector with strong support from the commercial and tourism sectors. The Chicago Downtown submarket, the largest submarket in the Chicago metropolitan area with 41,677 hotel rooms, showed a large amount of investment activity and signs of strengthening, gaining ground in the occupancy level, average daily rate, and in RevPar from 2012. Yearend activity for 2015 indicates that the metropolitan market and Chicago Downtown submarket has continued to make notable movements in a positive direction for operators. The Chicago Downtown submarket drives the metropolitan area in terms of demand with the months of March through November representing the most active months in the marketplace.

The introduction of the large lodging products adjacent to McCormick Place will likely cannibalize some of room nights generated by the convention business that historically has been captured by other hotels in the market. The Chicago Convention and Tourism Bureau (CCTB) are charged with the duty to promote Chicago as a destination leveraging the numerous assets of Chicago and generating revenue for its visitor industry. The CCTB sales and markets the McCormick Place, the largest convention center in the county, and Navy Pier as two primary venues for events. The CCTB works as a liaison in the tourism and convention industries providing statistical and demographic information pertinent to convention and tourism industry as well as assembling convention, accommodation and tourism packages. The CCTB is a major contributor in helping to maintain and expand the convention and tourism base in Chicago. The ability of the market to absorb the new rooms will hinge of the CCTB's and Chicago's ability to not only maintain current convention traffic but to attract new convention business.

One motif that has been working in favor of the lodging operators is the relocation of several major companies to downtown Chicago from the suburbs. Companies like United Holdings, Hillshire Brands (successor to Sara Lee), Archer Daniels Midland, BP, Willis Group Holdings, Barilla, Bel Brands, PC Mall, Aon, Motorola Mobility, and United Health Care have all moved some or all of their operations downtown in the past 5 years. These companies tend to utilize room nights at properties within close proximity to their offices. The relative success of the JW Marriot and W Chicago City hotels has convinced skeptics that lodging demand in the Loop is there. This is why developers have begun to build new product in Loop locations that historically have not seen as viable. Further, the increase in desirable dining and entertainment options in the Meatpacking District and River North has worked toward making Loop locations more adequate for lodging uses. The relative success and viability of existing product and new product coming online will hinge on the ability to generate sustained room night utilization and conference business from the corporate travel sector.

The Chicago lodging market is currently undergoing a period of expansion with rooms steadily being added to inventory all throughout the City of Chicago. 2015 experienced the addition of

2,435 rooms. The Chicago downtown market has recovered from a trying period in which business travel and leisure travel was down as the respective parties reduced travel plans.

### Introduction – Chicago Apartment Market

The subject property competes in the Chicago apartment market. The Chicago apartment market is tracked quarterly by REIS, Inc. (a leading provider of market statistics), and is divided into 25 submarkets. The subject property is included in the Gold Coast submarket, as tracked by REIS. In arriving at our conclusions, we relied on this survey, market research and our experience with the Chicago apartment market. In arriving at our conclusions, we relied on this survey, market research and our experience with the Chicago apartment market. In the ensuing market analysis, we placed primary reliance for trends and statistics provided by REIS.

In analyzing the subject, we have considered historical occupancy, rent growth, inventory, construction and absorption within the immediate area, as well as a survey of those properties directly competitive with the subject. We will begin our analysis by taking a historical view at the Chicago Metropolitan Market as a whole.

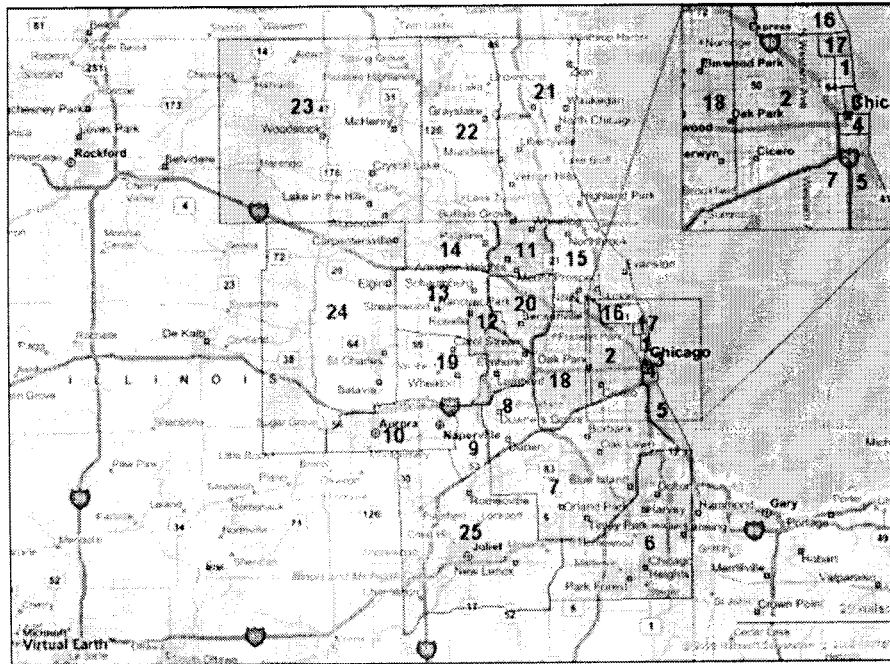
### Chicago Residential Market Overview

Chicago Metropolitan Apartment Market Overview										
Time Period	Inventory (Units)	Completions	Inventory Growth (%)	Vacant Stock	Vacancy Rate	Vacancy Change (BPS)	Occupied Stock	Net Absorption	Asking Rent	Asking Rent Change (%)
2011 Q1	445,872	0	0.00%	24,085	5.4%	(20)	421,787	1,064	\$1,072	0.4%
2011 Q2	445,932	60	0.01%	22,760	5.1%	(30)	423,172	1,385	\$1,076	0.4%
2011 Q3	446,002	70	0.02%	21,581	4.8%	(30)	424,421	1,249	\$1,083	0.6%
2011 Q4	446,210	208	0.05%	20,386	4.6%	(20)	425,824	1,403	\$1,086	0.3%
2012 Q1	446,230	20	0.00%	19,626	4.4%	(20)	426,604	780	\$1,088	0.2%
2012 Q2	446,582	352	0.08%	18,591	4.2%	(20)	427,991	1,387	\$1,100	1.1%
2012 Q3	446,832	250	0.06%	17,900	4.0%	(20)	428,932	941	\$1,111	1.0%
2012 Q4	446,938	106	0.02%	17,377	3.9%	(10)	429,561	629	\$1,113	0.2%
2013 Q1	448,259	1,321	0.30%	16,829	3.8%	(10)	431,430	1,869	\$1,121	0.7%
2013 Q2	448,789	530	0.12%	16,345	3.6%	(20)	432,444	1,014	\$1,127	0.5%
2013 Q3	450,200	1,411	0.31%	16,517	3.7%	10	433,683	1,239	\$1,139	1.1%
2013 Q4	452,118	1,918	0.43%	16,758	3.7%	0	435,360	1,677	\$1,146	0.6%
2014 Q1	452,747	629	0.14%	16,434	3.6%	(10)	436,313	953	\$1,160	1.2%
2014 Q2	453,411	664	0.15%	16,241	3.6%	0	437,170	857	\$1,170	0.9%
2014 Q3	454,415	1,004	0.22%	16,357	3.6%	0	438,058	888	\$1,181	0.9%
2014 Q4	455,201	786	0.17%	15,708	3.5%	(10)	439,493	1,435	\$1,185	0.3%
2015 Q1	456,809	1,608	0.35%	16,240	3.6%	10	440,569	1,076	\$1,195	0.8%
2015 Q2	457,685	876	0.19%	16,145	3.5%	(10)	441,540	971	\$1,207	1.0%
2015 Q3	458,957	1,272	0.28%	16,779	3.7%	20	442,178	638	\$1,221	1.2%
2015 Q4	460,069	1,112	0.24%	17,405	3.8%	10	442,664	486	\$1,231	0.8%

Source: REIS, Inc

The Chicago Metro apartment market contains 460,069 rental units situated within Chicago and the adjacent suburban areas, as tracked by REIS. From 2011 to the present, market vacancy has continually declined from a high of 5.4% (1Q 2011) to a low of 3.5% (4Q 2014 & 2Q 2015). The vacancy for the fourth quarter 2015 is 3.8%, near the lowest it has been in the last 14 years. Average rates for apartments within Chicago, as of the 4<sup>th</sup> Quarter 2015, are as follows:

## Chicago Metropolitan Apartment Market Map



## Chicago Submarkets

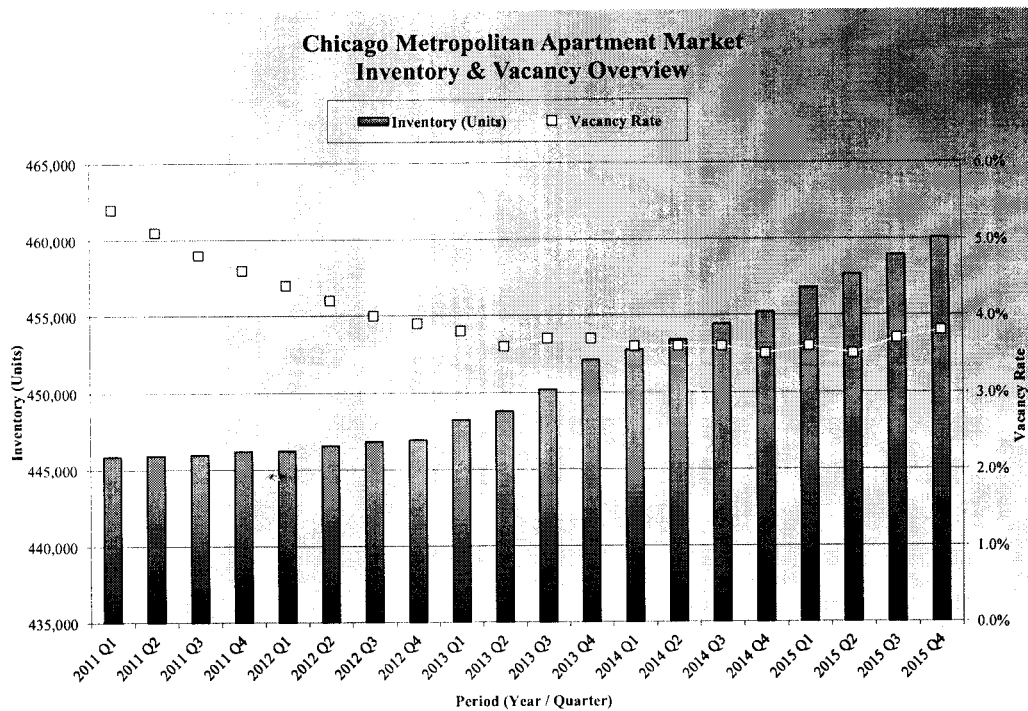
1 Lincoln Park	2 City West	3 Gold Coast
4 The Loop	5 South Shore	6 Southeast Cook County
7 Southwest Cook County	8 Downers Grove	9 Woodridge/Lisle
10 Aurora/Naperville	11 Wheeling	12 Glendale Heights/Lombard
13 Schaumburg/Hoffman	14 Rosemead	15 Glenview/Evanston
16 Rogers Park/Uptown	17 Belmont to Montrose	18 Oak Park
19 Glen Ellyn/Wheaton	20 O'Hare	21 East Lake County
22 West Lake County	23 McHenry County	24 Kane County
25 Joliet		

## Vacancy Rates

Region	Quarterly			Annualized			
	4Q15	3Q15	YTD Avg	1 Year	3 Year	5 Year	5 Yr Forecast
Chicago	3.8%	3.7%	3.6%	3.6%	3.7%	4.2%	4.3%
Midwest	3.9%	3.8%	3.8%	3.9%	4.0%	4.6%	4.3%
United States	4.4%	4.3%	4.3%	4.4%	4.4%	4.9%	5.1%
Period Ending:	12/31/15	9/30/15	12/31/15	12/31/15	12/31/15	12/31/15	12/31/20
Source: REIS, Inc.							

The Chicago market has seen an explosion in the amount of rental development and conversions. There were numerous developments that were originally intended to be condominium projects that eventually were converted to apartment projects. These projects saw strong lease up periods, which proved to be a catalyst to push several new developers into the market. As lenders became more encouraged by the strong leasing taking place coupled with increasing rents, numerous developers gained the construction financing necessary for additional units.





The Chicago rental market is one of the most expensive in the country and commands rental rates above the average in the Midwest on an aggregate and per square foot basis as evidenced by the chart above. Additionally, when compared to the United States average on an aggregate monthly basis the Chicago rates generally follow the trend of falling below the United States average with the exception of for three bedroom units. However, when one looks at the Chicago market as compared to the United States market on a price per square foot basis the Chicago rental market exceeds the United States rates for all unit types.

Asking Rent Growth							
Region	Quarterly			Annualized			
	4Q15	3Q15	YTD Avg	1 Year	3 Year	5 Year	5 Yr Forecast
Chicago	0.8%	1.2%	1.0%	3.9%	3.4%	2.9%	3.2%
Midwest	0.8%	1.1%	0.9%	3.5%	3.1%	2.7%	2.7%
United States	0.9%	1.5%	1.1%	4.6%	3.8%	3.3%	3.1%
Period Ending:	12/31/15	9/30/15	12/31/15	12/31/15	12/31/15	12/31/15	12/31/20

Source: REIS, Inc.

Since the last quarter, Chicago has seen the greatest growth of asking rents in two-bedroom and one-bedroom units at 0.9% and 0.8% respectively. Studio units increased by 0.6% while three bedroom units rose by 0.4% from the previous quarter. Continuous increases in rental rates coupled with the relatively stable and declining vacancy and positive absorption have given landlords justification and ability to capture higher rental rates. It is likely that this can be attributed to the movement of the population into rental housing. The recent drop in home prices during and immediately after the economic recession, left a wound in homeownership and turned



away would-be homeowners to seek alternative housing. As more and more of the population shunned homeownership, competition for rental housing increased and as a result the number of available rental units declined and rental rates increased quarter after quarter beginning in the 1<sup>st</sup> quarter 2010.

Current Metro Average Rents and Sizes				Asking Rent Growth					
Unit Type	Rent	4Q 2015		Quarterly			Annualized		
		Avg. SF	Avg. Rent PSF	4Q15	3Q15	YTD	1 Year	3 Year	5 Year
Studio/Efficiency	\$974	473	\$2.06	0.6%	1.3%	4.4%	4.4%	3.7%	3.4%
One Bedroom	\$1,152	731	\$1.58	0.8%	1.4%	4.1%	4.1%	3.6%	3.0%
Two Bedroom	\$1,372	1,028	\$1.33	0.9%	1.0%	3.9%	3.9%	3.5%	2.8%
Three Bedroom	\$1,630	1,273	\$1.28	0.4%	0.6%	2.3%	2.3%	1.8%	2.4%
Average over period ending:				12/31/15	9/30/15	12/31/15	12/31/15	12/31/15	12/31/15

Source: REIS, Inc.

### Chicago Metropolitan Area Retail Overview

According to the Fourth Quarter 2015 CB Richard Ellis Retail Report, Metropolitan Chicago contains approximately 121.6 million square feet of rentable retail space. In this report, the Metro Chicago retail market is divided into twelve major submarkets. The submarkets range in size from 5.6 million square feet in the City South to just over 21.3 million square feet in the Far West Suburbs. The vacancy in the market ranges from 3.6% in the City North to 18.2% in the South Suburbs. The following market conditions were reported by CBRE for Fourth Quarter 2015 for the Chicago submarkets.

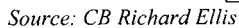
Chicago Metropolitan Retail Market Fourth Quarter 2015						
Submarket	No. Properties	Gross Building SF	Vacant Square Feet	Vacancy Rate	Avg. Net Asking Range Low	Avg. Net Asking Range High
Far N.W. Suburbs	77	12,720,666	1,152,350	9.1%	\$16.36	\$19.40
N.W. Suburbs	86	14,025,611	1,847,371	13.2%	\$17.50	\$19.86
Far North Suburbs	42	8,015,385	1,071,463	13.4%	\$13.52	\$15.38
North Suburbs	52	9,292,120	510,966	5.5%	\$17.40	\$20.89
Far West Suburbs	134	21,301,207	2,328,886	10.9%	\$14.91	\$17.72
West Suburbs	39	7,882,003	343,888	4.4%	\$19.39	\$20.80
City North	55	8,107,139	293,435	3.6%	\$20.70	\$24.03
City South	33	5,564,785	430,135	7.7%	\$24.25	\$25.60
Far S.W. Suburbs	48	8,607,818	507,101	5.9%	\$19.51	\$19.51
S.W. Suburbs	56	8,893,329	613,155	6.9%	\$15.88	\$17.10
South Suburbs	40	6,158,180	1,117,904	18.2%	\$15.96	\$17.95
Kane County	57	10,995,964	1,072,266	9.8%	\$14.49	\$15.26
<b>Total</b>	<b>719</b>	<b>121,564,207</b>	<b>11,288,920</b>	<b>9.3%</b>	<b>\$17.15</b>	<b>\$19.39</b>

Source: CBRE Chicago Retail Market 4Q2015

### City North Retail Submarket

The subject property is included within the City North submarket for statistical purposes. This submarket is tracked by CBRE. The City North submarket contains approximately 8.1 million square feet of retail space ranking as the fifth smallest among the twelve submarkets at 6.67% of the overall retail market space. The City North submarket reported a vacancy level of 3.6%, the

1





Selected trade area demographics within a 1-, 3- and 5-mile radius of the subject property are shown in the following table.

Commercial Building Rush & Superior Street Chicago, IL 60611		1 mile radius		3 mile radius		5 mile radius	
Summary		2015		2015		2015	
Population		90,860		319,020		736,699	
Households		58,960		178,294		358,490	
Families		15,734		54,764		136,588	
Average Household Size		1.49		1.71		1.99	
Owner Occupied HUs		24,301		70,125		128,018	
Renter Occupied HUs		34,659		108,169		230,473	
Median Age		36		33		33	
Trends: 2010 - 2015 Annual Rate		Area		Area		Area	
Population		1.39%		1.00%		0.77%	
Households		1.47%		1.16%		0.90%	
Families		1.15%		0.80%		0.66%	
Owner HHs		-0.13%		-0.12%		-0.20%	
Trends: 2015 - 2020 Annual Rate		Area		Area		Area	
Population		0.89%		0.73%		0.61%	
Households		0.96%		0.83%		0.69%	
Families		0.77%		0.64%		0.55%	
Owner HHs		0.81%		0.69%		0.50%	
Median Household Income		3.34%		2.92%		3.63%	
		2015		2015		2015	
Households by Income	Number	Percent	Number	Percent	Number	Percent	
< \$15,000	7,381	12.52%	25,474	14.29%	59,366	16.56%	
\$15,000 - \$24,999	2,634	4.47%	9,228	5.18%	27,519	7.68%	
\$25,000 - \$34,999	3,241	5.50%	10,814	6.07%	29,457	8.22%	
\$35,000 - \$49,999	5,617	9.53%	16,040	9.00%	40,234	11.22%	
\$50,000 - \$74,999	8,559	14.52%	26,552	14.89%	54,520	15.21%	
\$75,000 - \$99,999	6,638	11.26%	21,500	12.06%	38,557	10.76%	
\$100,000 - \$149,999	8,248	13.99%	25,537	14.32%	44,360	12.37%	
\$150,000 - \$199,999	5,998	10.17%	18,330	10.28%	28,799	8.03%	
\$200,000+	10,644	18.05%	24,818	13.92%	35,678	9.95%	
Median Household Income	\$81,387		\$75,923		\$58,291		
Average Household Income	\$121,994		\$108,979		\$90,508		
Per Capita Income	\$79,431		\$61,447		\$44,429		

## Population

The subject's primary trade area, up to 3 mile, experienced an increase in population since 2010, and projections for the ensuing five years indicate a continued increase. The population around a

three mile radius from the subject in 2015 was estimated to be 319,020.

### **Households**

A household consists of all people occupying a single housing unit. While individual members of a household purchase goods and services, these purchases actually reflect the needs and decisions of an entire household. Accordingly, the household is a critical unit to be considered when reviewing market data and forming conclusions about the subject's trade area.

According to Site to do Business, since 2010 the number of households within a 5-mile radius of the subject property has increased at 1.16% annually with a total of 178,294 households. Projections indicate a positive trend in the number of households for the ensuing five year period, which is in line with the population rate.

### **Income Levels**

According to Site to do Business, an online demographic database, the average and median household income levels within the subject's primary trade area of 3 miles 2015 were \$108,979 and \$75,923, respectively. This income level indicates a middle class population base, a defining characteristic of the subject's primary trade area.

### **Conclusion**

The subject property is located in area that can accommodate the demands of the typical mixed-use development in a core submarket of Chicago. More specifically, the area surrounding North Michigan Avenue is home to some of the most successful lodging the developments in the City of Chicago. The proximity of the subject to the primary business centers, convention facilities and tourism attractions bodes well for its ability to capture its fair share of room nights in the market place.

The luxury apartment market has experienced historically high rents and strong absorption for a sustained period since the housing crash. Numerous number of stalled condominium developments were converted into profitable apartment building operations. The success of the apartment developments has pushed numerous investors into the development market as a means to add supply to the market. Properties that are being brought online are reaching stabilization within six months of opening due to diligent preleasing programs and sustained demand for units. The subject's location positions it to compete with some of the most successful apartment developments in this sector.

## **HIGHEST AND BEST USE**

Highest and Best Use, as defined by the Appraisal Institute and used in this appraisal, is: "the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value."



As implied in the definition above, the highest and best use of the property as if vacant may differ from the highest and best use of the site as improved. In either case, the highest and best use is that use which satisfies the four tests imposed by the definition: legal permissibility, physical possibility, financial feasibility, and maximal productivity. In other words, the use that "results in the highest value."

In estimating the highest and best use, there are four stages of analysis:

1. **Possible Use** - What uses of the property are physically possible?
2. **Permissible Use** (legal) - What uses are permitted by zoning and deed restrictions on the site in question?
3. **Feasible Use** - Which possible and permissible uses will produce a net return to the owner of the site?
4. **Highest and Best Use** - Among the feasible uses, which will produce the highest net return or highest present worth?

#### **Highest and Best Use As If Vacant**

**Legal Permissibility.** The subject site is zoned DX-12, Downtown Mixed Use District, pursuant to the zoning ordinances of Chicago. The existing commercial uses represent legal and conforming uses under the salient requirements of this zoning classification. The property is permitted to remain in its current configuration (i.e. density and setbacks) and with its current perimeters indefinitely. It is our understanding that the property is currently in compliance with any environmental issues with the federal or State Environmental Protection Agency. However, competent legal counsel should opine on this matter. If the subject property was vacant and available for development a commercial is legally permissible.

**Physically Possible.** No soil tests were reviewed in connection with this appraisal. However, similar buildings have been on proximate sites for over 50 years indicating the physical possibility.

**Financial Feasibility** is concerned with the ability of any improvement to produce a sufficient return to attract development capital. Based on the utilization of the property by the tenants, we believe that financial feasibility of a mixed-use building at this location is demonstrated. We believe that the existing use of property is the maximum productive use for the site based on the permitted uses in the area.

**Maximally Productivity.** All factors considered, the highest and best use of the subject site, as if vacant, is for the development of a commercial building with residential and lodging components.

#### **Highest and Best Use As Improved**

The highest and best use of the subject property as improved must meet the same criteria set forth for the subject as if vacant. The subject property is permitted to remain indefinitely in its current

configuration and within its current parameters. The improvements were in average physical condition at the time of our inspection. On the basis of the analysis contained in the valuation sections of this report, the value of the property as improved is lower than the value of the land as if vacant. Thus, it would be economically prudent to demolish the existing improvements that have outlived their useful life in order to maximize the development potential of the site.

- ☐ Maintain the improvements as is.
- ☐ Cure items of deferred maintenance and retain the improvements
- ☒ **Modify the improvements (e.g., renovate, modernize, or convert)**
- ☐ Demolish the improvements

It would be more profitable to renovate the existing improvements for commercial use to the degree legally permissible and develop a high-rise mixed-use structure utilizing the development rights of the site.

## APPROACHES TO VALUE

The valuation of real estate is determined primarily through the use of three basic approaches to value: the Cost Approach, the Income Capitalization Approach and the Sales Comparison Approach. From the indicated values resulting from these analyses and the weight accorded to each value indication, an opinion of value is reached based upon expert judgment within the framework of the appraisal process.

**The Cost Approach** involves estimating the current cost to construct the improvements new, including an allowance for developer's profit and deducting from this amount accrued depreciation that has resulted from physical deterioration and functional and economic obsolescence. The limitations of this approach are the need to make large, subjective estimates for depreciation when considering an existing property that is in average condition. More important, this approach is not used by sellers and buyers in acquisition/disposition analyses for properties of the subject type. We have not utilized this approach and have not placed primary reliance for the foregoing reasons.

**The Sales Comparison Approach** is based on the assumption that a prudent buyer would not pay more for a property than it would cost to acquire a comparable substitute property. Since no two properties are ever identical, the necessary adjustments for differences in quality, location, size, market appeal, and a number of other factors that affect prices paid for properties must be made. The limitation of this approach is that the motives of the individual purchasers and sellers vary depending on their need for cash, their tax position, their personal preferences, available financing, and a host of other factors that must be taken into consideration. As a result, it is often difficult to obtain sufficient information on a comparable sale to be able to make precise comparisons. Therefore, we have placed primary reliance on this approach.

**The Income Capitalization Approach** involves an analysis of a property in terms of its ability to produce a net annual income. It is concerned with estimating the present worth of future benefits that can be derived through ownership of a property. In utilizing this approach, either stabilized net operating income is capitalized at an overall rate commensurate with the rate

demanding by investors or a projected cash flow stream is discounted at an appropriate rate in order to arrive at an estimate of value. The Income Capitalization Approach is generally most useful in valuing an income producing property, which normally would be purchased by investors rather than by users. Given the nature of the subject property's operation this approach is a not reliable determinant of value and a method that would not be used by typical buyers of real estate similar to the subject.

The final step in the valuation process is the reconciliation or correlation of the value indications. In the reconciliation or correlation, we consider the relative applicability of each of the approaches used; examine the range between the value indications, and place major emphasis on the approach that appears to produce the most reliable solution to the specific appraisal problem.

In arriving at a value estimate for the subject property on an "as is" basis, we have placed primary reliance on the Sales Comparison Approach.

### **COST APPROACH**

The Cost Approach typically involves estimating the replacement cost of the improvements (both hard and soft costs), adding an estimate of land value, adding a profit margin and deducting a depreciation estimate, where necessitated. We use the *Marshall Valuation Service* in estimating the replacement cost of the subject improvements. This publication is an appraisal guide from which average square foot or cubic foot replacement costs for typical buildings are derived. Unit costs are then modified using current local and national multipliers, periodically updated to account for changes in current and local costs. Within this manual, costs are classified by type and quality of construction. Refinements are given in order for the base cost to be modified for structures differing from the standard classifications. Base costs are given for a typical story height for the general building deemed to require the least modification for all buildings. Costs are averages of final costs, including architects' fees, contractors' overhead and profit, construction period interest and utility costs from structure to the lot line.

The Cost Approach has been deemed to be unreliable and is not commonly used in this type of appraisal as the results do not reflect the motivations or pricing of typical buyers.

### **SALES COMPARISON APPROACH**

The Sales Comparison Approach involves a comparison of the subject property with other similar properties that have sold. This approach to value is based on the premise that a buyer would not pay more for a property than it would cost to acquire a comparable substitute property. In addition to differences in physical factors that influence value levels, adjustments must be made for changes in market conditions since the date of the transaction, the location and market position at the time of sale, upside income potential, protection from increases in operating expenses, the motives of the buyers and the sellers and a variety of other factors that have an impact on the price at which a property sells.

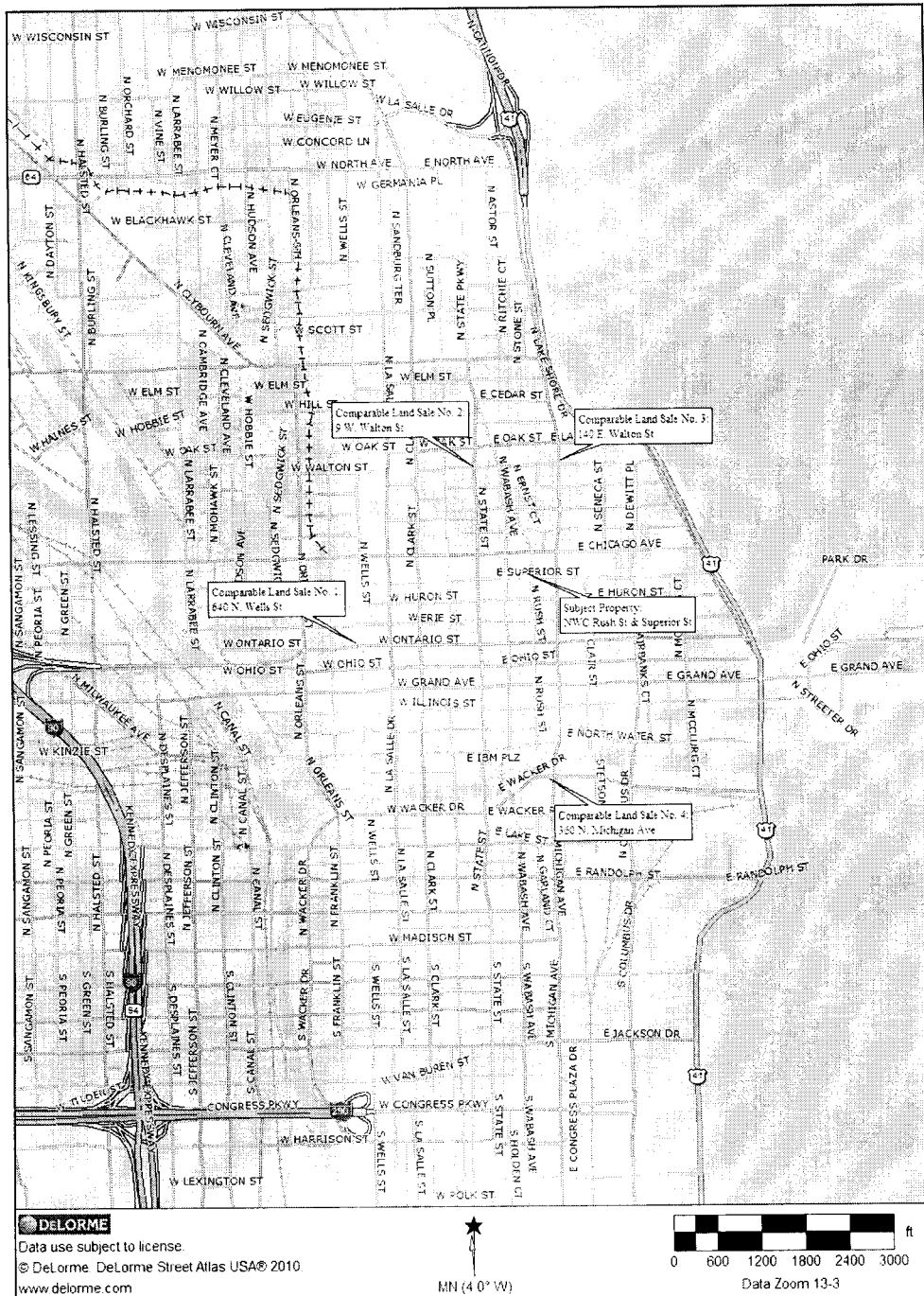
In order to compare similar, but not identical properties, it is helpful to convert the sales price to

a consistent unit of comparison. We have elected to represent the sale prices on a per square foot of developable area based on the maximum FAR zoning allowance. Generally, this unit of comparison is used in highly dense areas where more sophisticated investors are present. There tends to be an inverse relationship between the total allowable square footage and the price per square foot of developable area. This is largely due to the fact that the ground floor space tends to generate the greatest amount of revenue per unit metric. As the building grows in size the average attainable rent is diluted.

We have searched the Chicago Metro area considered reasonably similar to the subject as all are commercial buildings. We were able to identify obtain information for the following sales which are detailed below:

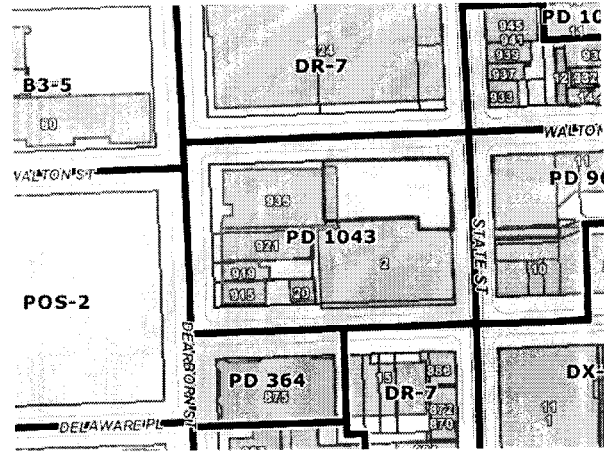
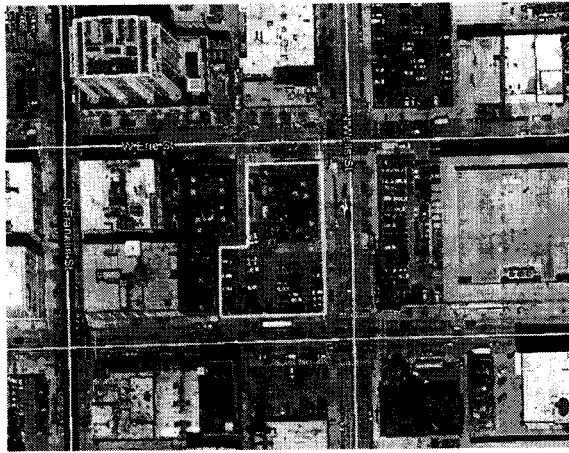
Comparable Land Sales Summary NWC Rush Street & Superior Street Chicago, IL 60611						
No.	Name/Location	Sale Date	Size- SF (Acres)	Zoning (FAR)	Sale Price	Price Per SF (Per FAR)
1.	Mixed-Use Development Site 640 N. Wells Street Chicago, IL 60654	Nov. '15	24,002 (0.551)	PD 1251 (9.65)	\$17,000,000	\$708.27 (\$73.39)
	Cook County Recording Document No.	1533429101	Grantor:	Erie Wells LLC		
	Sale Method:	Comparison	Grantee:	640 North Well LLC		
2.	Residential Development Site 9 W. Walton Street Chicago, IL 60610	Apr. '15	17,511 (0.402)	PD 1043 (20.673)	\$69,575,000	\$3,973 (\$192.20)
	Cook County Recording Document No.	1512041145	Grantor:	I W Walton LLC		
	Sale Method:	Comparison	Grantee:	9 West Walton Condominium Dev LLC		
3.	Partial Land Interest 40% 140 E. Walton Street Chicago, IL 60611	Jun-Dec. '13	25,317* (0.581)	DX-12 (12.0)	\$60,000,000	\$2,370 (\$197.47)
	Cook County Recording Document No.	1400833081	Grantor:	Chicago Title Land Trust Co No. 100855		
		1400833082	Grantee:	BPG LLC		
		1400833083		JB Michigan/ Walton LLC		
		1318229042		WWL DHotel Land LLC		
	Sale Method:	Comparison				
* Based on 40% of 63,292 SF total parcel						
4.	Mixed-Use Redevelopment Site 360 N. Michigan Avenue Chicago, IL 60601	Jul. '13	21,123 (0.485)	DX-16 (16.0)	\$53,000,000	\$2,509 (\$156.82)
	Cook County Recording Document No.	1321134077	Grantor:	360 N Michigan Properties LLC		
	Sale Method:	Extraction	Grantee:	AG-OCG 360 N Michigan LLC		

## Comparable Sales Map





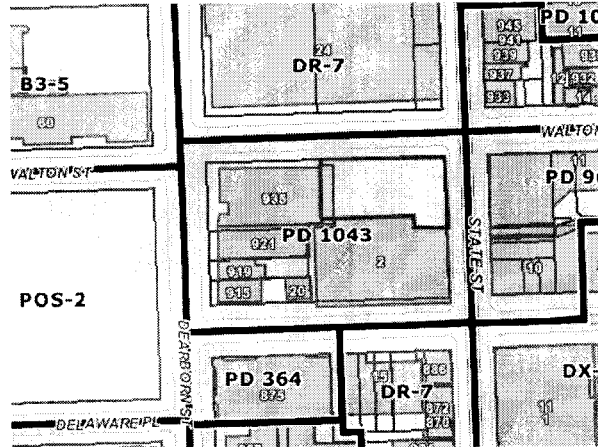
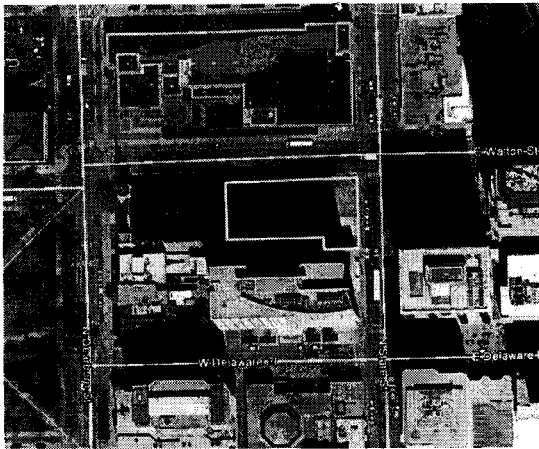
## Comparable Sale No. 1



<b>Location:</b>	<b>Mixed-Use Development Site</b> 640 N. Wells Street Chicago, IL 60654		
<b>Date of Sale:</b>	November 19, 2015	<b>Parcel No(s):</b>	17-09-223-006 thru -013
<b>Land Size:</b>	24,002 square feet; or 0.551 acres	<b>Seller:</b>	Erie Wells LLC
		<b>Buyer:</b>	640 North Wells LLC
<b>Lot Dimensions:</b>	218 feet Wells Street x 149 feet Ontario Street	<b>Verification:</b>	CC Recording Document No. 1533429101
<b>Zoning:</b>	PD 1251	<b>Sale Price:</b>	\$17,000,000
<b>Max. FAR:</b>	9.65	<b>Per SF:</b>	\$708.27
<b>Buildable SF:</b>	231,620 square feet	<b>Per FAR SF:</b>	\$73.39
<b>Property Rights:</b>	Fee Simple		
<b>Conditions of Sale:</b>	Arms-Length		
<b>Financing Terms:</b>	Cash Equivalent		
<b>Marketing Time:</b>	Assumed Typical		

**Comments:** The site was formerly an Ed Debevic's Restaurant, which opened in 1984. The property will be redeveloped into a 22-story 251-unit multi-family property. Construction is slated to start January 2016, with a possible delivery in Q1 2017. The property will feature 12,000 SF of ground level retail and 117 parking spaces. The design features a series of "shifting" levels atop a four-story podium/amenity deck. The tower's units will average at around 875 square feet and will come in various forms including studios, convertibles, one-, two- and three-bedroom apartments.

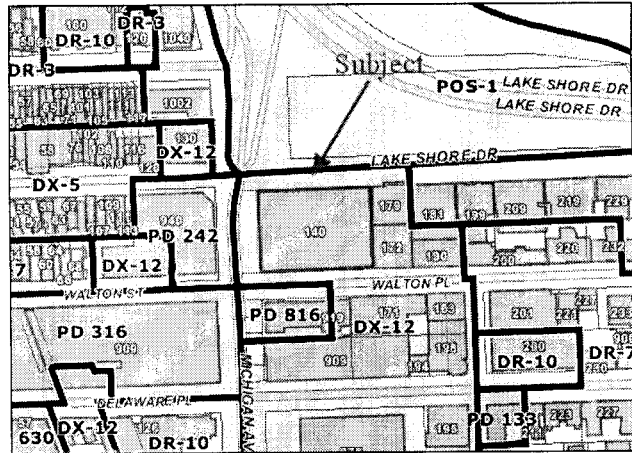
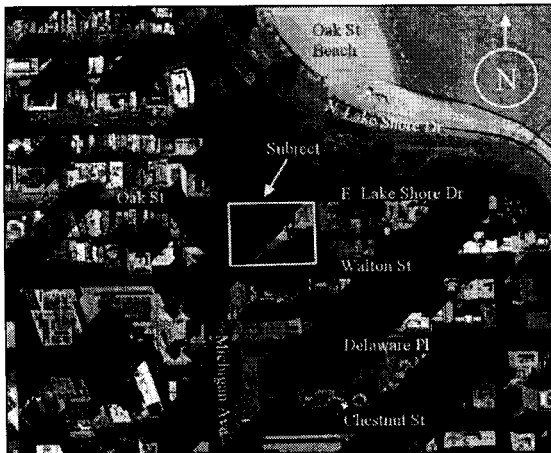
## Comparable Sale No. 2



<b>Location:</b>	<b>Residential Development Site</b> 9 W. Walton Street Chicago, IL 60610		
<b>Date of Sale:</b>	April 30, 2015	<b>Parcel No(s):</b>	17-04-435-031
<b>Land Size:</b>	17,511 square feet; or 0.402 acres	<b>Seller:</b>	1 W Walton LLC
		<b>Buyer:</b>	9 West Walton Condominium Dev LLC
<b>Lot Dimensions:</b>	100 feet State St x 147.55 feet Walton St	<b>Verification:</b>	CC Recording Document No. 1512041145
<b>Zoning:</b>	PD 1043	<b>Sale Price:</b>	\$69,575,000
<b>Max. FAR:</b>	20.673	<b>Per SF:</b>	\$3,973
<b>Buildable SF:</b>	362,000 square feet	<b>Per FAR SF:</b>	\$192.20
<b>Property Rights:</b>	Fee Simple		
<b>Conditions of Sale:</b>	Arms-Length		
<b>Financing Terms:</b>	Cash Equivalent		
<b>Marketing Time:</b>	Assumed Typical		

**Comments:** Located at the corner of State and Walton in Chicago's iconic Gold Coast, No. 9 Walton is raising the bar for high-rise condominium living. The building's 66 exclusive residences will be built among 36 stories, and with an average size of 4,000 SF will truly live like single family homes. With units that range from \$1.9 million to \$9 million, it's also one of the most expensive, on par with the Waldorf Astoria and the Palmolive Building.

## Comparable Sale No. 3

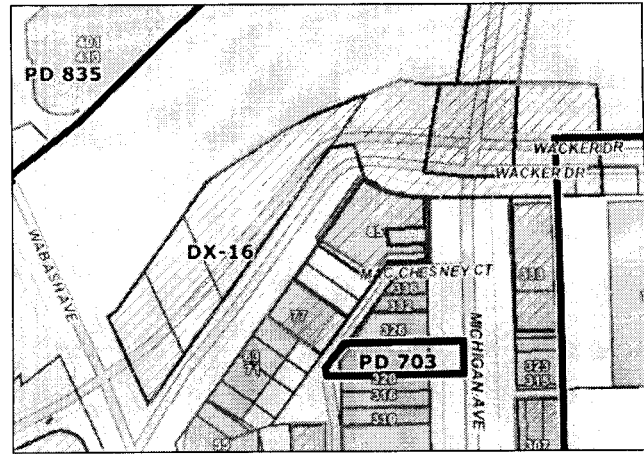


<b>Location:</b>	<b>Partial Land Interest 40%</b> 140 E. Walton Street Chicago, IL 60611		
<b>Date of Sale:</b>	June - December 2013	<b>Parcel No(s):</b>	17-03-208-001
<b>Land Size:</b>	25,317* square feet; or 0.581 acres	<b>Seller:</b>	Chicago Title Land Trust Co No. 100855
		<b>Buyer:</b>	BPG LLC JB Michigan/ Walton LLC WWL DHotel Land LLC
<b>Lot Dimensions:</b>	218 feet Michigan Ave x 292 feet Walton St	<b>Verification:</b>	CC Recording Document No. 1400833081 1400833082, 1400833083, 1318229042
<b>Zoning:</b>	DX-12	<b>Sale Price:</b>	\$60,000,000
<b>Max. FAR:</b>	12.0	<b>Per SF:</b>	\$2,370
<b>Buildable SF:</b>	303,804 square feet	<b>Per FAR SF:</b>	\$197.47
<b>Property Rights:</b>	Fee Simple		
<b>Conditions of Sale:</b>	Arms-Length		
<b>Financing Terms:</b>	Cash Equivalent		
<b>Marketing Time:</b>	-		

\* Based on 40% of 63,292 SF total parcel

**Comments:** The sale consisted of an undivided 40% interest in the fee simple interest in the underlying land of the Drake Hotel. However, significant constraints in ownership rights were withheld in the transaction.

## Comparable Sale No. 4



<b>Location:</b>	<b>Mixed-Use Redevelopment Site</b> 360 N. Michigan Avenue Chicago, IL 60601		
<b>Date of Sale:</b>	July 30, 2013	<b>Parcel No(s):</b>	17-10-300-001, -002, -003, & -004
<b>Land Size:</b>	21,123 square feet; or 0.485 acres	<b>Seller:</b>	360 N Michigan Properties LLC
		<b>Buyer:</b>	AG-OCG 360 N Michigan LLC
<b>Lot Dimensions:</b>	205 feet Wacker Drive x 88 feet Michigan Ave	<b>Verification:</b>	CC Recording Document No. 1321134077 CoStar ID No: 2801658
<b>Zoning:</b>	DX-16	<b>Sale Price:</b>	\$53,000,000
<b>Max. FAR:</b>	16.0	<b>Per SF:</b>	\$2,509
<b>Buildable SF:</b>	337,968 square feet	<b>Per FAR SF:</b>	\$156.82
<b>Property Rights:</b>	Fee Simple		
<b>Conditions of Sale:</b>	Arms-Length		
<b>Financing Terms:</b>	Cash Equivalent		
<b>Marketing Time:</b>	Assumed Typical		

**Comments:** The sale consisted of the London Accident & Guarantee Building located at the southwest corner of Wacker Drive and Michigan Avenue. At the time of sale, the property was improved with a 21-story office building with ground-floor level retail space. Furthermore, at the time sale, the property was nearly vacant with "Corner Bakery" being its only tenant on the ground-floor. The improvements were originally constructed in 1923 and situated on approximately 21,123 square feet with 88 feet of frontage along Michigan Avenue and 205 feet of frontage on Wacker Drive overlooking the southern bank of the Chicago River. The property was fully depreciated and sold for land value.

The buyer acquired the building to convert it to a lifestyle hotel with two stories of upscale retail. The building is entitled for 400 rooms.

The London Guarantee Building is a Chicago Landmark and resides within the Michigan & Wacker Historic District which is a National Register of Historic Places District. It was listed in the NRHP in November 1978.

### Analysis of Comparable Sales – Price Per Square Foot FAR

The land sales listed above were acquired for mixed-use development and ranged from 17,511 square feet to 25,317 square feet. These transactions give a reasonable range of prices for activity in the market over the past three years as the sales were completed between June 2013 and November 2015. The pricing, on a per-square-foot basis, ranged between \$708.27 and \$3,973 and \$73.39 to \$197.47 per buildable FAR. The sales were primarily on an all-cash basis.

Adjustment Grid				
Sale No.	1	2	3	4
Transaction Type	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Sale Date	Nov. '15	Apr. '15	2 <sup>nd</sup> half 2013	Jul. '13
Sale Price	\$17,000,000	\$69,575,000	\$60,000,000	\$53,000,000
Sale Price Per SF	\$708.27	\$3,973	\$2,370	\$2,509
Sale Price Per FAR SF	\$73.39	\$192.20	\$197.47	\$156.82
Property Rights Conveyed	0%	0%	0%	0%
Financing	0%	0%	0%	0%
Conditions of Sale	0%	0%	0%	0%
Market Conditions	0%	0%	5%	5%
<b>Subtotal</b>	<b>0%</b>	<b>0%</b>	<b>5%</b>	<b>5%</b>
<b>Adjusted Sale Price Per FAR SF</b>	<b>\$73.39</b>	<b>\$192.20</b>	<b>\$207.34</b>	<b>\$164.66</b>
<b>Physical Characteristics</b>				
Location	20%	-10%	-25%	-5%
Layout/ Configuration	0%	0%	0%	0%
Size	-25%	-25%	-25%	-25%
Other	0%	0%	15%	0%
<b>Total Other Adjustments</b>	<b>-5%</b>	<b>-35%</b>	<b>-35%</b>	<b>-30%</b>
<b>Final Adjusted Sale Price Per FAR SF</b>	<b>\$69.72</b>	<b>\$124.93</b>	<b>\$134.77</b>	<b>\$115.26</b>

Statistical Summary		
Statistical Measure	Before	After
Low	\$73.39	\$69.72
High	\$197.47	\$134.77
Mean	\$154.97	\$111.17
Median	\$174.51	\$120.10

Property Rights Conveyed – To the best of our knowledge, all the sales used in arriving at an opinion of market value involve the transfer of a fee simple interest.

Financial Terms/Financing – To the best of our knowledge, all sales were completed with cash or market oriented financing.

Conditions of Sale – Adjustments addressing conditions of sale typically focus on the motivations of buyers and sellers. In many sales, the conditions of sale may impact pricing to a significant degree. All the sales used within this analysis are believed to be arm's length transactions and thus no adjustments were required.

Market Conditions/Date of Sale – The sales within this section were completed between July 2013 and November 2015, having been completed over the last 36 months. Since 2011, the



development land market in the Chicago CBD area experienced stabilization after years of decline due primarily to the mortgage crisis and the fall-out in the lending industry. Since then, real estate values have risen. The number of development projects has increased significantly.

In analyzing the above sales under the Sales Comparison Approach to Value, we focused on trends that could be identified from the above sales. As the sales are relatively close to the subject, we focused on the following factors: location with consideration for proximity to major thoroughfares/ expressways and accessibility as well frontage along major streets, shape, proximity of utilities and the size of the land parcel. In terms of the latter, the general real estate trend relative to size is inverse, whereby as the size of the property (land or building) increases, the price per square foot tends to decline with the converse true as well. Of note, we considered the zoning for each sale. The adjustments were made to the price per FAR square foot and are described below.

**Sale No. 1:** The property is located southwest of the subject at the northwest corner between Wells Street and Ontario Street. The sale occurred in November 2015. Due to the recent sale transfer, we made no adjustment for market appreciation since the date of sale resulting in a subtotal value equivalent to the actual sale price of \$73.39 per FAR square foot. The property was considered to be situated in an inferior location from a perspective of real estate values associated with the River West neighborhood. The subject property is located near the Gold Coast neighborhood which is one of the wealthiest neighborhoods in the United States. We made an upward adjustment. The overall FAR square foot is significantly less than the subject of this report. We made a large downward adjustment. We made no further adjustments. Applying the foregoing adjustments led to an overall adjusted sale price of \$69.72 per FAR square foot.

**Sale No. 2:** The property is located northwest of the subject at the southwest corner of State Street and Walton Street. The sale occurred in April 2015. Due to the recent sale transfer, we made no adjustment for market appreciation since the date of sale resulting in a subtotal value equivalent to the actual sale price of \$192.20 per FAR square foot. The property was considered to be situated in a slightly superior location in the Gold Coast neighborhood which has historically exhibited high real estate values associated with the affluent residents. The Gold Coast neighborhood is one of the wealthiest neighborhoods in the United States. We made a downward adjustment. The overall FAR square foot is significantly less than the subject of this report. We made a downward adjustment. We made no further adjustments. Applying the foregoing adjustments led to an overall adjusted sale price of \$124.93 per FAR square foot.

**Sale No. 3:** The property is located northeast of the subject at the northeast corner of Michigan Avenue and Walton Street. The sale occurred over a six month span between June and December 2013. Since the date of sale, real estate values for new development have increased. We made an upward adjustment for market appreciation since the date of sale resulting in a subtotal value of \$207.34 per FAR square foot. The property was considered to be situated in a vastly superior location arguably the best location within the City of Chicago fronting Lake Michigan and Michigan Avenue within the Gold Coast neighborhood. We made a large downward adjustment. The overall FAR square foot is significantly less than the subject of this report. We made a downward adjustment. Lastly, the transactions consisted of minority interest in the underlying

land. However, ownership rights were significantly withheld from the transaction. We made an upward adjustment. We made no further adjustments. Applying the foregoing adjustments led to an overall adjusted sale price of \$134.77 per FAR square foot.

**Sale No. 4:** The property is located south of the subject at the southwest corner of Michigan Avenue and Wacker Drive. The sale occurred in July 2013. Since the date of sale, real estate values for new development have increased. We made an upward adjustment for market appreciation since the date of sale resulting in a subtotal value of \$164.66 per FAR square foot. The property was considered to be situated in a superior location fronting the Chicago River at Michigan Avenue. We made a downward adjustment. The overall FAR square foot is significantly less than the subject of this report. We made a downward adjustment. We made no further adjustments. Applying the foregoing adjustments led to an overall adjusted sale price of \$115.26 per FAR square foot.

### **Conclusion**

The adjusted values ranged from \$69.72 per FAR square foot to \$134.77 per FAR square foot with three of the four sales ranging between \$115.26 and \$134.77 per FAR square foot with an average of \$124.99 per FAR square foot. We believe that the subject's market value estimate would fall near the middle of the range of three sales based on the location and overall size. In addition, due to the relative proximity to the subject property, we considered Sale No. 2-3 to be highly comparable to the subject property with the greatest weight given to Sale No. 2. Accordingly, our opinion of value is reflected below in the following table.

Adjusted Sales Price Per FAR SF	\$125.00
Total FAR Square Feet	690,000
Estimated Sales Price	\$86,250,000
<b>Rounded</b>	<b>\$86,250,000</b>

## INCOME CAPITALIZATION APPROACH

### Definition and Discussion of Methodology

The Income Approach is defined as follows:

"The approach through which an appraiser derives a value indication for income-producing property by converting benefits; i.e., cash flows and reversion, into property value. This conversion can be accomplished in two ways: one year's income expectancy or several years' income expectancies may be capitalized at a market-derived capitalization rate or a capitalization that reflects a specified income pattern, return on investment, and change in the value of the investment; secondly, the annual cash flows may be discounted for the holding period and the reversion at a specified rate."

The typical Income Capitalization Approach utilizes a direct capitalization methodology for properties with cash flows that are not dependent on long term or multi-year leases. We have not utilized this approach with the subject.

## FINAL VALUE ESTIMATE AND MARKETING PERIOD

In valuing the subject building, we have considered the three methods of valuation: The Cost Approach, The Income Capitalization Approach, and the Sales Comparison Approach. As previously mentioned the Cost Approach and Income Capitalization Approach is not considered relevant to this analysis. The Sales Comparison Approach was considered to be reasonably reliable with the greatest weight given to the Sales Comparison Approach. The value indications resulting from these approaches are as follows:

<b>Value Indications:</b>	<b>"As Is"</b>
<b>Cost Approach:</b>	Not Applicable
<b>Sales Comparison Approach:</b>	\$86,250,000 (Land + Air Rights)
<b>Income Capitalization Approach:</b>	Not Applicable
<b>Final Value Estimate:</b>	<b>\$86,250,000 "As Is"</b>
<b>Effective Date:</b>	<b>May 18, 2016 "As Is"</b>
<b>Inspection Date:</b>	<b>May 18, 2016 "As Is"</b>

We have given the most weight to the Sales Comparison Approach, as this is the approach that would be weighted most heavily by prospective purchasers. All factors taken into consideration, our **final value indication of the subject property on an "as is" basis is \$86,250,000 (fee simple interest).**

Based on our analyses and current market conditions, a reasonable marketing period for the subject properties is twelve months or less. All factors considered we believe that this property could be sold at the appraised value within 12 months assuming the property will be actively exposed and aggressively marketed to potential purchasers through marketing channels commonly used by buyers and sellers of similar type property.

Per the 4<sup>th</sup> Quarter Korpacz survey, the average marketing time for development land properties on a national basis is 16 months. Exposure time is the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. The exposure time typically differs from the marketing period as it is assumed to precede the effective date of the appraisal. We project exposure time for the subjects of twelve months.

### **CERTIFICATION**

The undersigned do hereby certify that, except as otherwise noted in this appraisal report:

- The statements of fact contained in this report are true and correct;
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal and unbiased professional analyses, opinions, and conclusions;
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved;
- Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the estimate, the attainment of a stipulated result, or the occurrence of a subsequent event;
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice;
- Brian D. Flanagan has made a personal inspection of the property that is the subject of this report; Hans F. Eugene provided professional assistance in all aspects of this report
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standard of Professional Appraisal Practice of the Appraisal Institute;
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives;
- USPAP requires appraisers to disclose to the client any services they have provided in connection with the subject property in the prior three years, including valuation,

consulting, property management, brokerage, or any other services. We have not performed any service regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment;

As of the date of this report, Brian D. Flanagan and Hans F. Eugene have completed their requirements of the continuing education program of the Appraisal Institute. Their State Certified General Real Estate Appraisal licenses expire on September 30, 2017, and are renewable.

We have performed our services and prepared this report in accordance with generally accepted appraisal practices, and make no other warranties, either expressed or implied, as to the character and nature of such services and product.

All factors considered, it is our opinion that the "as is" market value of the fee simple interest in the property, **based on the assumptions and limiting conditions set forth in this report**, as of May 18, 2016 is:

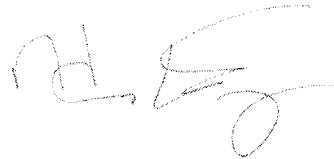
**EIGHTY-SIX MILLION TWO HUNDRED FIFTY THOUSAND DOLLARS**  
**\$86,250,000**

If you have any questions regarding our value estimate or analysis or require any additional information please contact the undersigned. We appreciate having the opportunity to be of service to you in this matter.

Respectfully submitted,  
PROPERTY VALUATION ADVISORS, INC.



Brian D. Flanagan, MAI, AI-GRS, President  
Certified General Real Estate Appraiser  
IL Certification Number 553-000103  
[brian.flanagan@propval.net](mailto:brian.flanagan@propval.net)  
Expires 9/30/2017



Hans F. Eugene, MAI, Director  
Certified General Real Estate Appraiser  
IL Certification Number 553-002288  
[hans.eugene@propval.net](mailto:hans.eugene@propval.net)  
Expires 9/30/2017



## ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been based on, and is subject to, the following general assumptions and limiting conditions:

- The value reported is only applicable to the purpose, function, and terms stated in this report and shall not be used for any other purpose.
- The appraisers have assumed that the reader (s) of this report is well versed in real estate and is a sophisticated and knowledgeable business person(s).
- No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
- Responsible ownership and competent property management are assumed.
- The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
- All engineering studies are assumed to be correct. The plot plans and illustrative material in this report are included only to help the reader visualize the property.
- It is assumed that there are no hidden or non-apparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
- It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described and considered in the appraisal report. It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
- It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless nonconformity has been identified, described and considered in the appraisal report.
- The appraisers shall not be required to give testimony as a witness or to appear in any capacity in any legal or administrative hearing or procedure, or to have any continued service responsibility unless compensated, by the engager of this report, in advance, according to their fee schedule then in effect.
- Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such material on or in the property. The appraiser however is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
- The Appraisers are not engineers, no warranties are made by references to physical property characteristics in terms of quality, condition, cost, suitability, soil conditions, flood risk, obsolescence, etc., and no liability is assumed for any engineering-related issues.
- Possession of this report or a copy thereof does not imply right of publication, nor use for any purpose by any other than the person to whom it is addressed, without the written consent of Property Valuation Advisors, Inc.
- The liability of Property Valuation Advisors, Inc., and its employees is limited to the client. This appraisal was

prepared specifically for our client, to whom this appraisal was addressed.

- Cash flow projections are forecasts of estimated future operating characteristics and are predicated on the information and assumptions contained within the appraisal report. The achievement of the financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may well vary from the projections contained herein. The appraisers do not warrant that these forecasts will occur. Projections may be affected by circumstances beyond the current realm of knowledge or control of the appraisers. The appraisers are not trying to forecast the future but rather are attempting to replicate techniques utilized by market participants for properties similar to the subject.
- The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements for the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

## **ADDENDA**

**Qualifications**

**Survey / Legal Description**

**Building Plans**

**Engagement Letter**

## Qualifications

### **BRIAN D. FLANAGAN, MAI, AI-GRS** **State Certified General Real Estate Appraiser**

Brian D. Flanagan is Founder and President of Property Valuation Advisors, Inc. (PVA). Property Valuation Advisors' corporate headquarters are located in Chicago. Mr. Flanagan has over twenty-five years of experience in real estate analysis, appraisal and valuation, deal structuring, property ownership and portfolio valuation. His diversified background includes the valuation of real estate for a wide range of applications including market value appraisals, property portfolio consulting and valuation, investment advisory services, bond financing and tax increment financing issues, and specialized valuations including apartment buildings and complexes, office buildings, retail centers, shopping malls, small and large scale industrial properties, manufacturing facilities, hotels/motels, special use medical facilities, vacant land, and manufactured home communities.

Mr. Flanagan has completed projects throughout the United States, Canada, Europe, Bermuda and the Caribbean on behalf of domestic and foreign investment firms, REITs, pension funds and their advisors, financial institutions and insurance companies.

Areas of specialization for Mr. Flanagan include: hotel appraisals, development and redevelopment, portfolio valuation, investment analysis via computerized lease-by-lease analysis, discounted cash flow analysis, feasibility, and market studies. Mr. Flanagan concentrates on appraisals and valuation issues.

Before founding Property Valuation Advisors, Inc. (PVA), Mr. Flanagan served as Senior Vice President at the Chicago development and consulting firm of Sudler Marling, Inc. and as a Principal at the national accounting firm of Laventhol & Horwath (L&H). Prior to his position at L&H, Mr. Flanagan was a Senior Manager at the national accounting firm of Pannell Kerr Forster and a Senior Analyst at VMS Realty Partners.

Property Valuation Advisors clients include Angelo, Gordon & Company, Republic Bank, Southern Farm Insurance, Lakeside Bank, Walker & Dunlop, Key Bank, Belmont Bank & Trust, Berkadia Capital, Wells Fargo Bank, Greystone, First Community Financial Bank, Centier Bank, Providence Bank, Prudential Huntoon Mortgage Company, Metropolitan Capital Bank, Southern Farm Insurance, Symetra Insurance Company, StanCorp, MB Financial Bank, City National Bank, Bridgeview Bank Group, Principal Financial Investors, and Jackson National Life to name a few.

Mr. Flanagan graduated from the Ohio State University, Columbus, Ohio with a Bachelor of Arts degree with a concentration in Economics. He earned his Masters of Business Administration (M.B.A.) degree from Xavier University, Cincinnati, Ohio with a concentration in Finance. Mr. Flanagan has earned his MAI designation (Member, Appraisal Institute #8481) and AI-GRS designation (Appraisal Institute-General Review Specialist), is a State Certified General Real Estate Appraiser (IL#553-000103 and eight other states), Associate Member of CCIM, a Member of the Illinois Coalition of Appraisal Professionals, a Member of The Ohio State University Alumni Association, Member of Alpha Sigma Nu (The Honorary Society of Jesuit Institutions of Higher Learning) and a Member of the Xavier University Alumni Association.

**HANS F. EUGENE, MAI**  
**State Certified General Real Estate Appraiser**

Hans Eugene is a Certified General Real Estate Appraiser and Director at Property Valuation Advisors, Inc. (PVA). Property Valuation Advisors' corporate headquarters are located in Chicago, Illinois with a satellite office in St. Petersburg, Florida. He is also a Candidate for Designation at the Appraisal Institute. Mr. Eugene is a graduate of the University of Chicago where he earned a Bachelor of Arts degree in Political Science with a specialization in American Legal History (focusing on urban development policy) and International Relations. The University of Chicago is the world leader in Nobel Prize winners, as eighty-nine Nobel Laureates have been faculty members, students or researchers at the University of Chicago at some point in their careers.<sup>3</sup>

Mr. Eugene has ten years experience as a real estate analyst primarily in commercial real estate appraisal and valuation. Areas of specialization for Mr. Eugene include discounted cash flow analysis and income capitalization, lease analysis, market studies, and feasibility. His background includes the valuation of real estate for multiple applications including market value appraisals, portfolio valuations, investment advisory services, and specialized valuations including medium-density and high-density residential developments, office buildings, retail centers, shopping malls, hotels and motels, small and large scale industrial properties and manufacturing facilities, special use medical facilities, recreational vehicle parks, and manufactured home communities. Mr. Eugene has completed projects throughout the United States on behalf of domestic and foreign investment firms, REITs, pension funds and their advisors, financial institutions and insurance companies.

Before joining Property Valuation Advisors, Mr. Eugene was a research assistant in the Book Stacks Department at Joseph Regenstein Library at the University of Chicago, which is underwent a \$42 million dollar expansion to become the nation's largest collection of books and reference material under one roof.<sup>4</sup> It was here where Mr. Eugene became well versed in compiling tangible and electronic research data for patrons in fields including but not limited to microeconomics, macroeconomics and urban and suburban development policy. This experience bodes well in contributing to Mr. Eugene's research abilities in his current position at Property Valuation Advisors.

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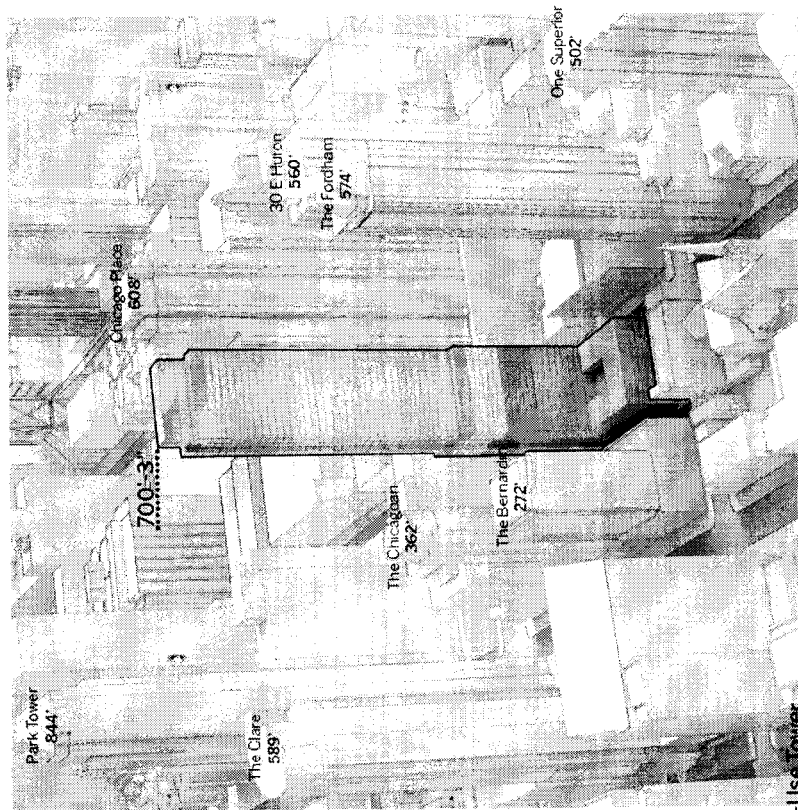
<sup>3</sup> <http://www.uchicago.edu/about/accolades/22/>

<sup>4</sup> <http://www.lib.uchicago.edu/e/about/>

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Building Plans

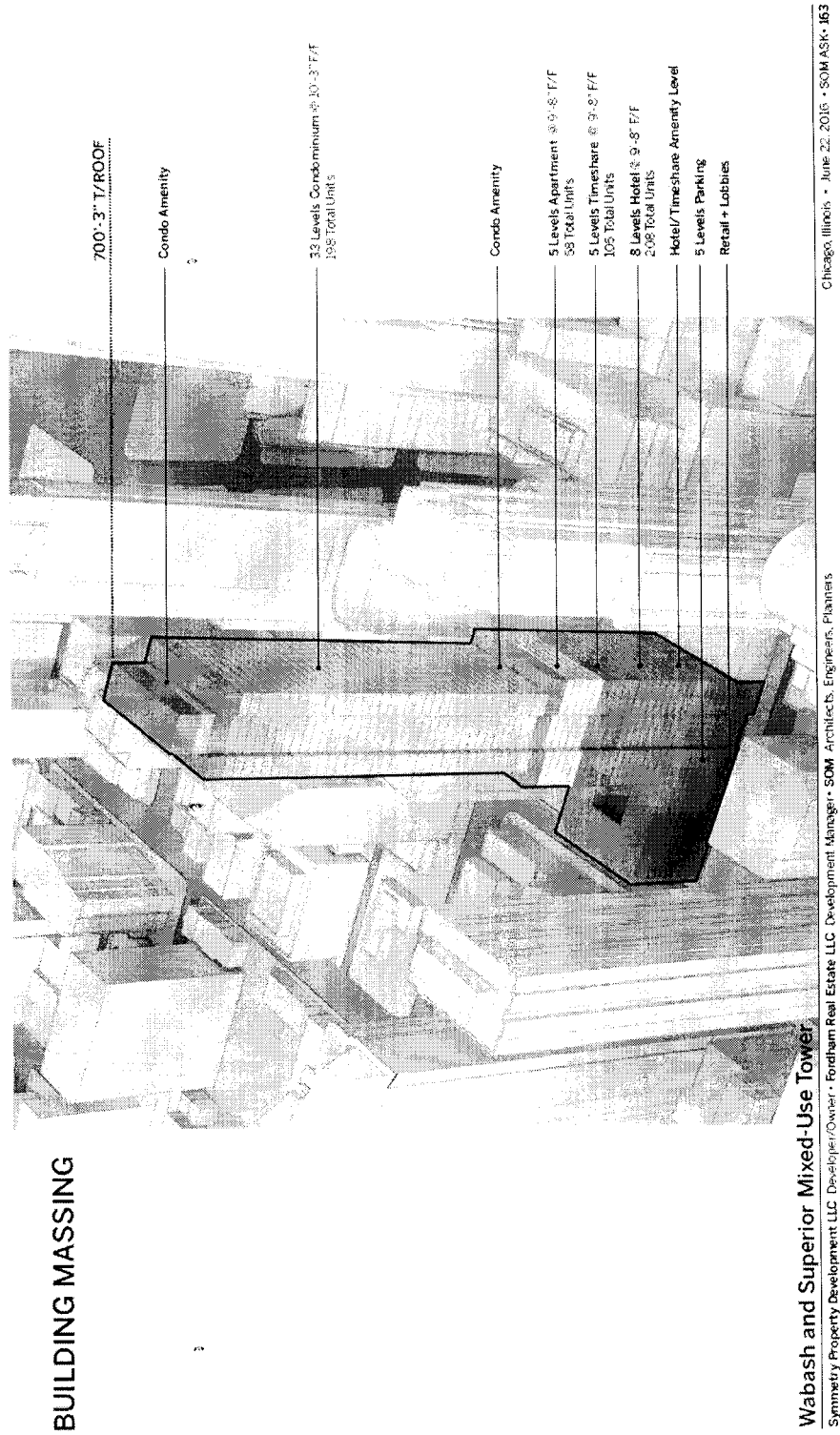


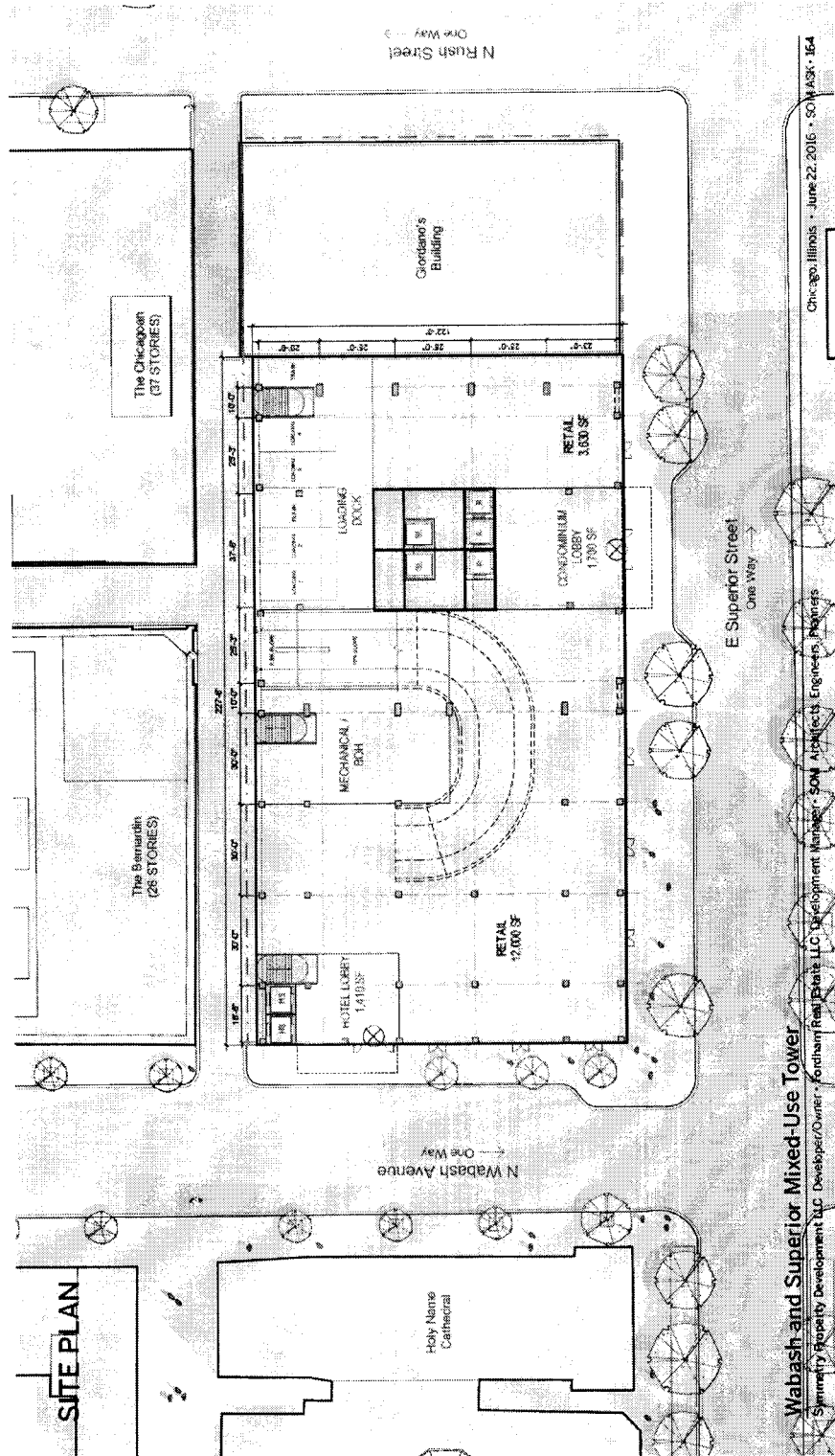
BUILDING MASSING

Wabash and Superior Mixed-Use Tower

Symmetry Property Development LLC Developer/Owner • Fordham Real Estate LLC Development Manager • SOM Architects Engineers Planners

Chicago, Illinois • June 22, 2016 • SOM/ASK • 162





## Zi



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This architectural drawing shows the floor plan of the Chicagoan Hotel, a large rectangular building measuring 208'-0" by 376'-0". The plan includes several key features:

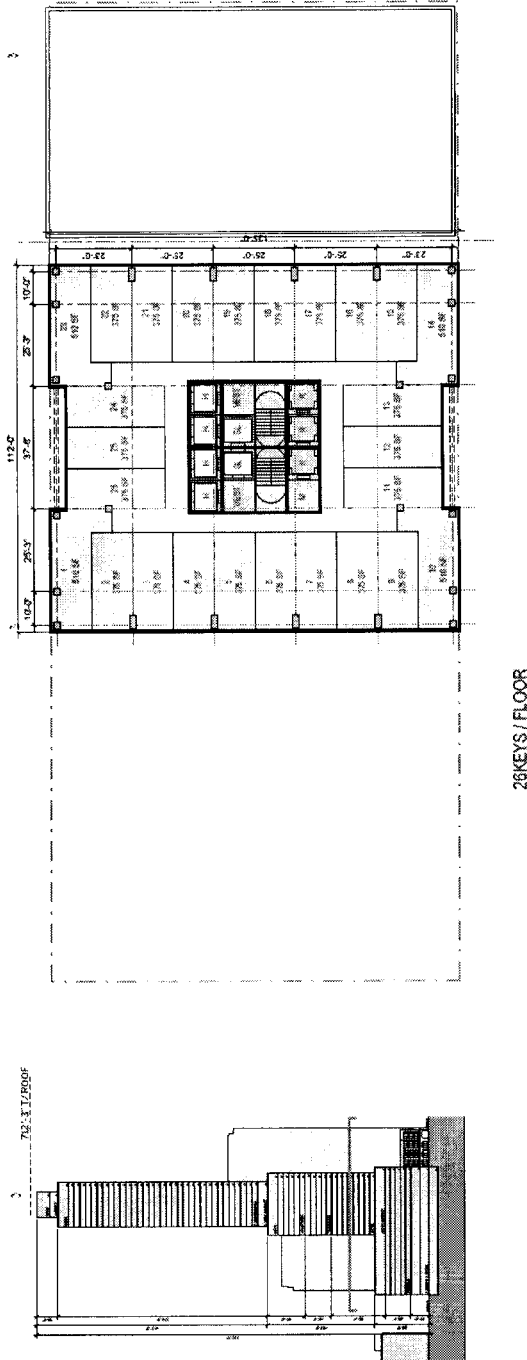
- The Chicagoan (37 STORIES)**: Labeled at the top left corner.
- The Bernardin (28 STORIES)**: Labeled at the bottom left corner.
- Hotel Restaurant**: A central dining area labeled "HOTEL RESTAURANT 22,400 SF".
- Ballroom**: A large rectangular room labeled "BALLROOM 9,000 S.F. 17,000 S.F. 2,000' x 2,000'".
- Clockwork's Building**: Located at the top right corner.
- Entrances and Stairs**: Various entrance points and stairwells are indicated throughout the plan.
- Dimensions**: Detailed dimensions are provided along the perimeter and for internal sections.
- Orientation**: A north arrow is located near the center of the plan.

**Symmetry Property Development LLC Developer/Owner • Fordham Real Estate LLC Development Manager • SOM Architects, Engineers, Planners**

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## HOTEL TYPICAL FLOOR PLAN

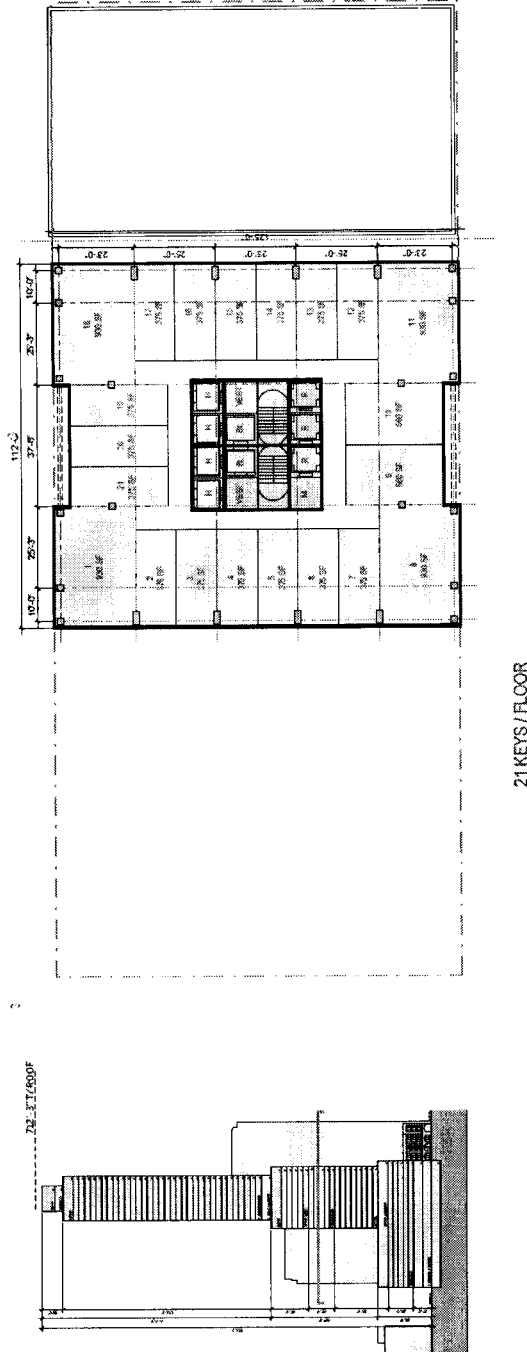


Wabash and Superior Mixed-Use Tower

Symmetry Property Development LLC Developer/Owner • Fordham Real Estate LLC Development Manager • SOM Architects, Engineers, Planners

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# TIMESHARE TYPICAL FLOOR PLAN

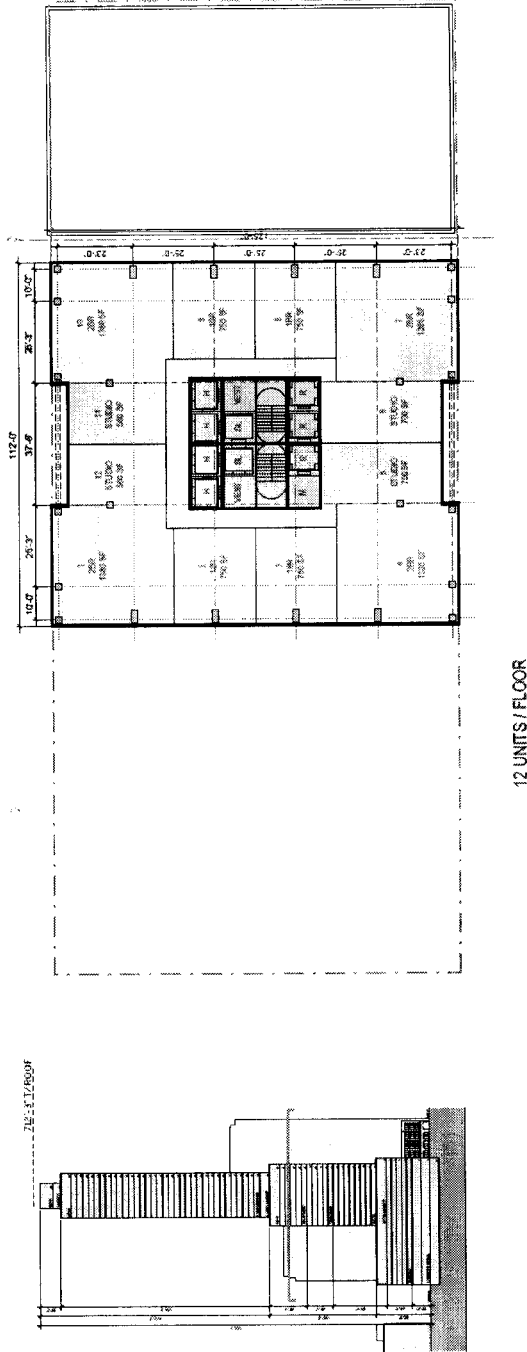


Wabash and Superior Mixed-Use Tower

Symmetry Property Development LLC Developer/Owner • Fordham Real Estate LLC Development Manager • SOM Architects, Engineers, Planners

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# APARTMENT TYPICAL FLOOR PLAN



12 UNITS / FLOOR

Wabash and Superior Mixed-Use Tower

Symmetry Property Development LLC Developer/Owner • Fordham Real Estate LLC Development Manager • SOM Architects, Engineers, Planners

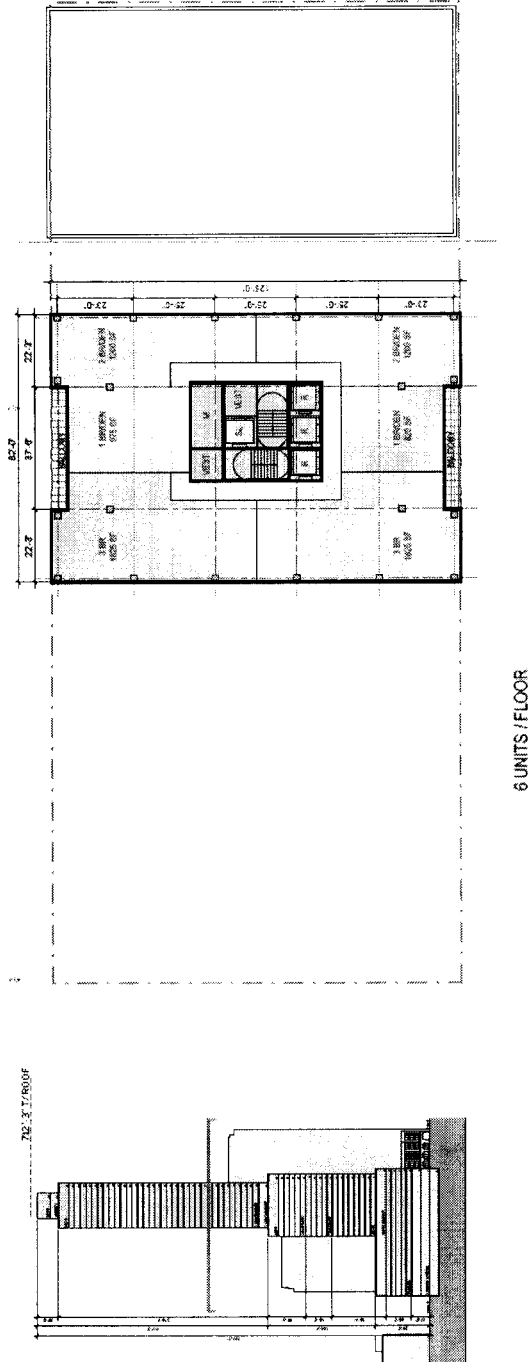
Chicago, Illinois • June 22, 2016 • SOM ASK-169

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Symmetry Property Development LLC Developer/Owner • Fordham Real Estate LLC Development Manager • SOM Architects, Engineers, Planners

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# CONDO TYPICAL FLOOR PLAN

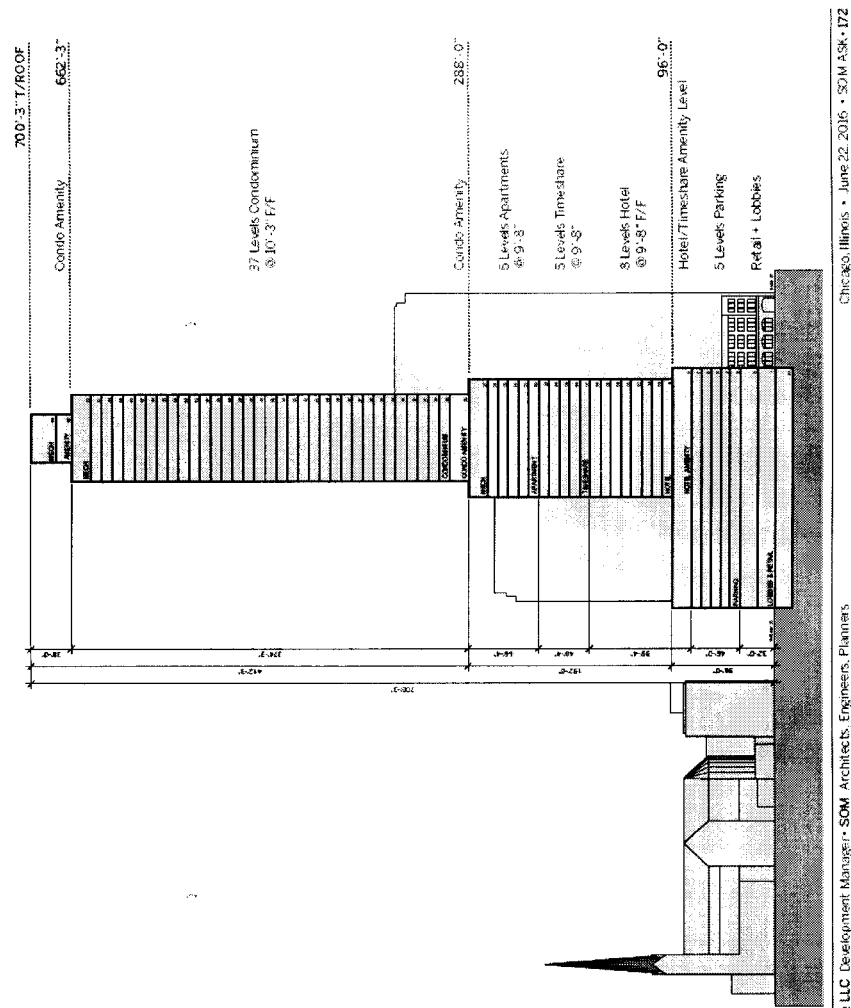


## Wabash and Superior Mixed-Use Tower

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## BUILDING SECTION



Wabash and Superior Mixed-Use Tower

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## Engagement Letter



PROPERTY VALUATION ADVISORS, INC.

May 10, 2016

**Symmetry Property Development**

Jason Ding Dingf  
One Pennsylvania Plaza  
New York, NY 10119  
[Jason.w.ding@icloud.com](mailto:Jason.w.ding@icloud.com)  
c/o Peter S. Greene, First Vice President  
CBRE Hotels Capital Markets  
321 N. Clark St. Suite 3400  
Chicago, IL 60654  
[peter.greene@cbre.com](mailto:peter.greene@cbre.com)

**RE: Letter of Engagement Contract-Market Value Appraisal**

<b>Order Date:</b>	<b>May 10, 2016</b>
<b>Property Description:</b>	<b>Development land site, Carillon Towers, partial 740 Rush Street and transferred air rights</b>
<b>Property Address:</b>	<b>NWC of Rush and Superior streets</b>
<b>Intended User/Client:</b>	<b>Symmetry Property Development</b>
<b>Intended Use:</b>	<b>Decision making purposes</b>

**Appraisal Scope:** Complete Narrative-Summary Appraisal Report with cost, sales and income approaches (only applicable approaches to value will be used) to value arriving at a market value on an "as is" basis as of the date of the inspection. Notwithstanding the other provisions of this letter, the appraisal report shall be prepared in accordance with the Uniform Standards of Professional Appraisal Practice applicable to Federally Related Transactions as set out in Appendix A to the real estate appraisal regulations adopted by the Office of the Comptroller of the Currency pursuant to the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA") (Sub-part C of 12 C.F.R.34).

The property will be inspected to the extent necessary to obtain the relative facts about the asset. We will research the applicable real estate market, collect market data, confirm data to the extent needed to produce credible appraisal results. We will consider and develop the approaches to value relevant and applicable to the appraisal problem.

<b>Appraised Interest:</b>	<b>Fee simple interest</b>
<b>Assignment Conditions:</b>	As is valuation of the Subject Property (SP). PVA will request data and rely upon the information from the contact person at the Subject Property in formulating an opinion as to market value. The Client agrees to indemnify and hold harmless the contractor, PVA, against any loss or threatened loss or expense by reason of the liability or potential liability of the contractor for or arising out of any damages. This agreement may only be amended by a written document duly executed by all parties. The parties agree that any action whatsoever in relation to this agreement and the market value tendered through the appraisal report shall be commenced within one year of the date of the appraisal report, without regard to the date the action is discovered. Any action not brought within one year time period shall be barred, without regard to any limitations period set forth by law or practice. In any and all circumstances associated with this appraisal assignment, the Client, agrees to indemnify and hold harmless Brian D. Flanagan, personally, against any loss or threatened loss or expense by reason of the liability or potential liability of the contractor for or arising out of any damages.

850 W. Jackson Boulevard Suite 200 Chicago, Illinois 60607 312-455-1220 Fax 312-455-7922



PROPERTY VALUATION ADVISORS, INC.

Page 2

**Professional Fee:** \$3,000 for the appraisal with two (2) bound copies of the appraisal report delivered to the client at the completion of the assignment. In addition, we will forward an electronic copy of the report to the client.

**Terms of Payment:** Payment is due and payable upon submission of the draft report. It is our understanding that Symmetry Property Development will pay the fee directly to Property Valuation Advisors, Inc. In addition, if we are required to prepare for a deposition, review other expert work product, consult with the attorneys, provide a deposition, prepare for trial or render expert testimony, we will invoice our services at our hourly rate of \$400 per hour.

**Date of Opinion of Value:** May 10, 2016 (date of inspection)

**Draft Report** May 17, 2016

**Due Date of Final Report:** May 17, 2016 or when instructed by the client to deliver the final report

**Contact Person Information:** Peter Greene

**Information List**

- Any information that is pertinent to the appraisal assignment.

If you have any questions regarding our bid or require any additional information please contact the undersigned. We anticipate being of service to you in this matter.

Respectfully submitted,  
PROPERTY VALUATION ADVISORS, INC.

Brian D. Flanagan, MAI, AI-GRS  
IL State Certified General Real Estate Appraiser  
IL Certification Number 553-000103. Expires 9/30/2017  
[brian.flanagan@propval.net](mailto:brian.flanagan@propval.net)

Authorization and acceptance:  
Symmetry Property Development

Accepted by:   
Title: Managing Partner  
Date: 5/12/16